

FEB 26 1990

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between :
:
Lucinda A. Antrim :
Matthew G. Cashin : AWARD
:
: Claimants : #88-02921
vs. :
:
:
Drexel Burnham Lambert, Inc. :
Robert G. Mennona :
: Respondents :
:

Case Summary

Claimants Lucinda A. Antrim and Matthew G. Cashin (hereinafter the "Claimant") alleged that Respondent Robert G. Mennona (hereinafter "Mennona"), their registered representative, caused the Claimants to suffer option trading losses and a loss of capital. Claimants alleged that Mennona executed unauthorized trades and churned their account. Claimants alleged that together with Respondent Drexel Burnham Lambert's (hereinafter "Drexel") failure to supervise Mennona, the unsuitability of the securities purchased and sold for the Claimants' income oriented and socially responsible investment objectives and the Claimants' income tax exposure, and Mennona's unauthorized margin trading, the Respondents Drexel and Mennona's actions constituted fraud or a reckless disregard for the objectives and exposure of the Claimants. Claimants further alleged that Mennona failed to comply with their stated investment objectives and that Mennona ignored the instructions that they gave to him. Claimants alleged that Respondents Drexel and Mennona actions complained of constituted a pattern of racketeering activity within an enterprise as defined in the Racketeer Influenced and Corrupt Organization Act.

Respondents Drexel and Mennona categorically denied any wrongdoing or liability to the Claimants as alleged in the Claimants' Statement of Claim. Respondents specifically maintained that Claimants stated investment objectives were growth, speculation and income and that the Claimants wished to become aggressive in their investment strategy. Respondents maintained that the Claimants executed all necessary account documents. Respondents maintained that Mennona and Claimants discussed all transactions and that the Claimants authorized all trades. Respondents maintained that Claimants authorized Mennona to sell positions and take capital gains or losses on the securities transferred from another brokerage firm to Drexel. Respondents maintained that until October, 1987, Claimants had never complained about their account. Respondents maintained that the Claimants are sophisticated

investors who were aware of the risks related to their investments. Respondents maintained that the Claimants received all account statements and trade confirmations. Respondents maintained that they acted consistently with the "know your customer rule" of the NYSE and the "suitability rule" of the NASD. Respondents maintained that it was not until the October, 1987 market crash that Claimants became dissatisfied with their accounts and that Respondents cannot be held liable for the decline in the value of Claimants' portfolio.

Relief Requested

Claimants requested compensatory damages in the amount of \$169,397.18, plus RICO damages in the amount of \$338,794.36, attorneys fees and interest from April 15, 1988 at the legal rate of 9%, in the alternative, Claimants request compensatory damages of \$169,397.18 plus punitive damages in the amount of \$338,794.36 plus interest at the legal rate of 9% from April 15, 1988.

Respondents requested that Claimants' claim be dismissed in its entirety and that costs be awarded in their favor.

Award

At the NASD Office, in New York, NY on August 29, October 11, and 20, December 12 and 13, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants Lucinda A. Antrim and Matthew G. Cashin on September 12, 1988, by Respondent Drexel Burnham Lambert, Inc. on December 16, 1988 and by Respondent Robert Mennona on December 20, 1988. The initial claim was filed on September 16, 1988. The arbitrators, 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. That Respondents Drexel Burnham Lambert, Inc. and Robert G. Mennona are jointly and severally liable to the Claimants Lucinda A. Antrim and Matthew G. Cashin and shall pay to the Claimants the sum of Forty Four Thousand Four Hundred Dollars and No Cents (\$44,400.00) plus interest from January 22, 1990 at the rate of 9% simple interest per annum until the date the award is paid by the Respondents.

2. Claimants request for damages under the Racketeer Influenced and Corrupt Organizations Act is denied in all respects.
3. Claimants request for punitive damages is denied in all respects.
4. The parties shall each bear their respective costs including attorney fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, forum fees for the single hearing session arbitrations held August 29 and December 13, and, the double hearing sessions held October 11, 20, December 6, and 12, 1989 are equally assessed against the Claimants and the Respondents jointly and severally so that the amount due from the Respondents as a forum fee is \$5,000.00. The amount due from the Claimants is \$5,000.00, however, Claimants are entitled to offset this amount with their \$1,000.00 filing fee so that the amount due as a forum fee from the Claimants is \$4,000.00. All forum fees shall be made payable to the N.A.S.D., Inc.

CONCURRING ARBITRATORS

/s/
Constantine N. Katsoris

/s/
Fred S. Pieroni

/s/
Stuart T. Parson