

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Kenneth W. Derr
Wilbur Derr
Thomas L. Derr

Claimants

vs.

Blinder Robinson & Co., Inc.
Aaron Brown

Respondents

CASE #88-03777
AWARD

CASE SUMMARY

Claimants Kenneth W. Derr, Thomas L. Derr and Wilbur Derr (collectively, the "Claimants") alleged that the Respondent Aaron Brown made various misrepresentations as to the value and nature of the securities which he purchased for the Derrs. Specifically, the Claimants alleged that Respondent Aaron Brown never explained the risks involved with the penny stock market, and as a result of these omissions, various misrepresentations and the professional incompetence of Brown, the Claimants sustained damages. The Claimants also alleged that Respondent Blinder Robinson failed to properly supervise and control Brown.

Respondent Blinder Robinson & Co., Inc. contended that it always acted properly and supervised its brokers to the best of its ability. Blinder Robinson & Co., Inc. also contended that the Claimants failed to properly notify Blinder Robinson & Co., Inc. of any problems with their accounts. Moreover, Blinder Robinson & Co., Inc. asserted a cross-claim against Respondent Brown in which they alleged that any misconduct perpetrated by Brown was done unbeknownst to Blinder Robinson, and therefore only Brown should be held liable for any damages sustained as a result of such misconduct. Respondent Aaron Brown contended that he advised all the Claimants of all risks associated with their investments; made stock recommendations consistent with their investment objectives; never made any misrepresentations as to the values of the Claimants' portfolios; that all his actions were committed within the knowledge and supervision of Blinder Robinson.

RELIEF REQUESTED

Claimant Kenneth W. Derr requested actual damages of \$26,920.00, plus costs. Claimant Thomas L. Derr requested actual damages of \$11,969.81, plus costs. Claimant Wilbur Derr requested actual damages of \$3,510.81, plus costs. Respondent Blinder Robinson & Co., Inc. requested dismissal of all claims, plus costs and attorney's fees, or in the alternative for judgment

against Respondent Aaron Brown for any and all damages owed by Blinder Robinson to the Claimants, plus costs and attorney's fees. Respondent Aaron Brown requested dismissal of all claims and cross-claims in their entirety, plus costs and attorney's fees.

AWARD

On February 27, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants Thomas L. Derr, Kenneth W. Derr and Wilbur Derr on December 5, 1988 and by Respondent Blinder Robinson & Co., Inc. on March 20, 1989 and by Respondent Aaron Brown on March 7, 1989. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in Philadelphia, PA and consisted of two (2) hearing sessions.

1. At the hearing the arbitrators were informed that the Claimants had withdrawn all claims as against Respondent Aaron Brown with prejudice. Therefore, all claims, against Respondent Aaron Brown be and hereby are dismissed in their entirety.
2. At the hearing the arbitrators were informed that the Respondent Blinder Robinson had withdrawn all cross-claims as against Respondent Aaron Brown with prejudice. Therefore, all cross-claims against Respondent Aaron Brown be and hereby are dismissed in their entirety.
3. The Claimants withdrew all claims as to alleged unauthorized trades, with prejudice.
4. The Respondent Blinder Robinson & Co., Inc. be and hereby is liable and shall pay to the claimant Kenneth W. Derr the sum of Fifteen Thousand Dollars and No Cents (\$15,000.00), inclusive of interest.
5. The Respondent Blinder Robinson & Co., Inc. be and hereby is liable and shall pay to the Claimant Thomas L. Derr the sum of Eleven Thousand Nine Hundred and Sixty Nine Dollars and Eighty One Cents (\$11,969.81), inclusive of interest.
6. The Respondent Blinder Robinson & Co., Inc. be and hereby is liable and shall pay to the Claimant Wilbur Derr the sum of Three Thousand-Five Hundred Ten Dollars and Eighty One Cents (\$3,510.81), inclusive of interest.

7. The parties each shall bear their respective costs including attorney's fees.
8. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimants and the Respondent Blinder Robinson & Co., Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of Four Hundred Dollars and No Cents (\$400.00), as costs of the two (2) hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

/s/
Steven B. Larchuk

/s/
Joseph H. Ball

/s/
Frank T. Salera

DATED: April 2nd, 1990