

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	:
William and Susan Ledy	:
Claimants	:
vs.	: Award
	: Case 89-01873
Ignatius Teichberg	:
Teichberg, Loeb, Waxman & Rabinowitz, Inc.	:
Teichberg Securities, Inc.	:
Pershing Division of Donaldson, Lufkin &	:
Jenrette Securities Corp.	:
Respondents	:

Heard before:

Murray I. Sommer, Esq.	Public Arbitrator
Arnold L. Goren	Public Arbitrator
Harry D. Frisch, Esq.	Industry Arbitrator

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on June 29, 1989 Claimants William and Susan Ledy alleged the Respondents fraudulently, willfully and/or negligently churned Claimants' securities account and purchased and sold securities in Claimants' account on margin without authorization and Respondents breached the fiduciary and contractual obligations owed to Claimants. In addition, Claimants alleged Respondents Teichberg Securities, Inc. and Teichberg, Loeb, Waxman & Rabinowitz Inc. failed to properly supervise Respondent Ignatius Teichberg and as a result the Claimants lost all of their invested funds within an eleven month period. Respondent Pershing Division of Donaldson, Lufkin & Jenrette Securities Corp. (Pershing) maintained it had entered into fully disclosed clearing agreements with Teichberg, Loeb, Waxman & Rabinowitz, Inc. and Teichberg Securities, Inc. and pursuant to those Agreements Pershing Division of Donaldson, Lufkin & Jenrette Securities Corp. assumed no responsibility for the suitability, authenticity or frequency of orders placed for the accounts of any of the customers of Teichberg, Loeb, Waxman & Rabinowitz, Inc. or Teichberg Securities, Inc. and the substance of the agreement was disclosed to the Claimants. Respondent Pershing asserted a Cross-Claim against Respondent Teichberg, Loeb, Waxman & Rabinowitz, Inc. and Teichberg Securities, Inc. alleging that pursuant to the Agreements they agreed to indemnify and hold harmless Pershing from and against any claim arising out of the responsibilities they had agreed to undertake pursuant to

the Agreements. Respondents Ignatius Teichberg and Teichberg Securities, Inc. maintained the Claimants were knowledgeable and sophisticated investors who willingly and knowingly accepted the risks of investing in the stock market and all of the activities in the Claimants' accounts were performed at the discretion of the Claimants and/or with their knowledge, consent and approval. Respondents Ignatius Teichberg and Teichberg Securities, Inc. further maintained the Claimants made an independent decision to permit the liquidation of their holdings rather than paying the necessary funds for the required margin calls. The Respondents Ignatius Teichberg and Teichberg Securities, Inc. further maintained the Statement of Claim sets forth no wrongdoing by Respondent Pershing Division of Donaldson, Lufkin & Jenrette Securities Corp. and there is no basis for any claim of said Respondent for indemnification.

#### RELIEF REQUESTED

Claimants requested damages of not less than \$170,000.00, attorneys' fees, costs and disbursements and such other damages as may be determined by the arbitrators. Respondent Pershing Division of Donaldson, Lufkin & Jenrette Securities Corp. requested dismissal of claim and that if any damages are assessed against them they should be indemnified in full by the Respondents Teichberg Securities, Inc. and Teichberg, Loeb, Waxman & Rabinowitz, Inc. Respondents Ignatius Teichberg and Teichberg Securities, Inc. requested dismissal of all claims against them.

#### AWARD


On January 17 and February 7, 1991 the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants, William and Susan Ledy on June 20, 1989 and by Respondents, Pershing Division of Donaldson Lufkin & Jenrette Securities Corp. on September 18, 1989 and by Respondents Ignatius Teichberg and Teichberg Securities, Inc. on October 12, 1989 and signed by Respondent Teichberg, Loeb, Waxman & Rabinowitz, Inc. on January 17, 1991. The hearing was conducted at the offices of the National Association Securities Dealers, Inc. located in New York City, New York and consisted of two (2) 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. In accordance with Section 25 of the Code of Arbitration Procedure, the Respondent Teichberg, Loeb, Waxman & Rabinowitz, Inc. was served with the Statement of Claim and given an opportunity to respond.
2. In accordance with Sections 21 and 26 of the Code of Arbitration Procedure, the Respondent Teichberg, Loeb, Waxman & Rabinowitz, Inc. was given due notice of the hearing procedure by regular and certified mail and failed to appear at the hearing.
3. In accordance with Section 29 of the Code of Arbitration Procedure, the arbitration panel determined in light of the foregoing information to proceed with the hearing as scheduled.
4. Prior to the commencement of the first hearing session the arbitration panel was informed that the Claimants William and Susan Ledy had withdrawn their claim against the Respondent Pershing Division of Donaldson, Lufkin & Jenrette Securities Corp.
5. The Respondents Ignatius Teichberg, Teichberg Securities, Inc. and Teichberg, Loeb, Waxman & Rabinowitz, Inc. be and hereby are liable jointly and severally and shall pay to the Claimants William and Susan Ledy the sum of Sixteen Thousand Seven Hundred Forty Five Dollars and Fifty Four Cents (\$16,745.54), inclusive of interest.
6. The parties shall each bear their respective costs, including attorneys' fees.


**FORUM FEES**

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 Claimants. In addition, the Respondents Ignatius Teichberg, Teichberg Securities, Inc. and Teichberg, Loeb, Waxman & Rabinowitz, Inc. be and hereby are liable jointly and severally and shall pay the National Association of Securities Dealers, Inc. the sum of \$750.00 to represent forum fees.

ARBITRATOR SIGNATURES

  
\_\_\_\_\_  
Murray I. Sommer, Esq.

  
\_\_\_\_\_  
Arnold L. Goren, Esq.

  
\_\_\_\_\_  
Harry D. Frisch, Esq.

Date of Decision: February 26, 1991