

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
Lillian Righter	x
Claimant	x
vs.	x CASE NO.
	x 90-00881
Waddell & Reed, Inc.,	x
Lawrence Powell, Thomas Krewson,	x AWARD
and Robert Springer	x
Respondents	x
	x

CASE SUMMARY

Claimant Lillian Righter ("Claimant") alleged that Respondent Thomas Krewson ("Krewson") took the Claimant's life savings, which had been previously securely invested in federally insured bank certificates of deposit, and invested the same in maximum load mutual funds and a limited partnership, all of which were totally unsuitable for the Claimant. The Claimant further alleged that the Respondent Waddell & Reed, Inc. ("Waddell & Reed") failed to properly supervise the activities of Krewson, and otherwise approved of his various deceptions of the Claimant.

Respondents Waddell & Reed, Krewson, Lawrence Powell, and Robert C. Springer contended that in recommending the purchases to the Claimant, Respondent Krewson had reasonable grounds under the circumstances at that time to believe that the recommendations were suitable for the Claimant based upon the facts disclosed by the Claimant. The Respondents further contended that but for the market collapse of October, 1987, the Claimant's investments through Waddell & Reed would have provided an excellent return.

RELIEF REQUESTED

Claimant Lillian Righter requested actual damages of \$116,224.00, plus interest, costs, and punitive damages. Respondents Waddell & Reed, Inc., Lawrence Powell, Thomas Krewson, and Robert Springer requested dismissal of all claims made against them.

AWARD


On September 20 & 21, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Lillian Righter on April 23, 1990, by Respondent Waddell & Reed, Inc. on May 9, 1990, by Respondent Lawrence Powell on April 23, 1990, by Respondent Thomas Krewson on April 24, 1990, and by Respondent Robert Springer on April 23, 1990. The initial claim was filed on March 23, 1990. The hearing was conducted at the offices of the National Association of Securities Dealers, Inc. in Philadelphia, PA, and consisted of five (5) 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. Respondent Waddell & Reed, Inc. be and hereby is liable and shall pay to the Claimant Lillian Righter the sum SEVENTY THOUSAND DOLLARS AND NO CENTS (\$70,000.00), inclusive of interest and fees.
2. All claims against Respondent Lawrence Powell be and hereby are dismissed in their entirety.
3. All claims against Respondent Thomas Krewson be and hereby are dismissed in their entirety.
4. All claims against Respondent Robert Springer be and hereby are dismissed in their entirety.
5. 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 the Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of ONE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$1,500.00), and Respondent Waddell & Reed, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of ONE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$1,500.00), as costs of the five (5) hearing sessions conducted in this matter.

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CONCURRING ARBITRATORS

  
John J. Jordan

  
Arthur R.G. Solmssen

  
Bernard Bujak

Dated: October 12<sup>th</sup>, 1990