

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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| In the Matter of the Arbitration Between | x |
| | x |
| Dean Witter Reynolds, Inc., | x |
| Claimant, | x |
| | x CASE NO. |
| vs. | x 90-01716 |
| | x |
| Goda and Geeta Shailam, | x AWARD |
| Respondents, | x |
| | x |
| vs. | x |
| | x |
| Morris Pelter, Robert B. Lee, and | x |
| Walter D. Roberts III, | x |
| Third-Party Respondents. | x |

Heard before:

| | |
|---------------------------|----------|
| Carl W. Engstrom, Esq. | Public |
| Richard J. Bartlett, Esq. | Public |
| John L. Barry, III | Industry |

REPRESENTATION

Claimant and Third-Party Respondents were represented by Barry J. Mandel, Esq. of Baer Marks & Upham. Respondents were represented by Timothy J. O'Connor, Esq. of Ainsworth, Sullivan, Tracy, Knauf, Warner & Ruslander.

CASE SUMMARY

Claimant, Dean Witter Reynolds, Inc. ("DWR") alleged that due to the market decline on October 19, 1987, it was forced to close out the Respondents', Goda and Geeta Shailam ("Shailams"), short put option positions, thereby resulting in a debit balance in the their account. DWR further alleged that despite due demand, the Shailams have failed to pay the debit balance.

The Shailams denied liability for the debit balance, and asserted a counterclaim against DWR and third-party claims against Morris Pelter ("Pelter"), Robert B. Lee ("Lee") and Walter D. Roberts III ("Roberts"), in which they alleged that Pelter, Lee and Roberts (all employees of DWR) fostered aggressive options trading in and churned the Shailams' account. The Shailams further alleged that this type of options trading was unsuitable for them, that the inherent risks were not

explained, and that DWR failed to properly supervise its employees and the Shailams' account.

DWR, Pelter, Lee and Roberts denied the allegations made against them, and contended that they always acted properly and that the Shailams authorized all transactions in their account with full knowledge of the risks involved.

RELIEF REQUESTED

DWR requested actual damages of \$427,552.11, plus interest, costs and attorneys' fees. The Shailams requested dismissal of all claims made against them, plus, pursuant to their counterclaims and third-party claims, actual damages of approximately \$400,000.00, plus interest, costs, and attorneys' fees. DWR, Pelter, Lee and Roberts requested dismissal of all claims made against them.

AWARD

On April 4, 18 & 19, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant Dean Witter Reynolds, Inc. on June 4, 1990, by Respondent Goda Shailam on July 24, 1990, by Respondent Geeta Shailam on April 4, 1991, by Third-Party Respondents Morris Pelter and Walter D. Roberts III on November 5, 1990, and by Respondent Robert B. Lee on November 7, 1990. The initial claim was filed on June 18, 1990. The hearing was conducted in Albany, NY, and consisted of six (6) hearing sessions. The arbitration panel having considered the pleadings, the testimony, and the evidence presented at and after the hearing, has unanimously determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Goda and Geeta Shailam be and hereby are jointly and severally liable and shall pay to the Claimant Dean Witter Reynolds, Inc. the sum of Four Hundred Twenty Seven Thousand Five Hundred Fifty Two Dollars And Eleven Cents (\$427,552.11), plus 9% interest from November 20, 1987 until the satisfaction of the Award or entry of judgment.

2. All claims and counterclaims asserted against Claimant Dean Witter Reynolds, Inc. be and hereby are dismissed in their entirety.

3. All claims and third-party claims asserted against Third-Party Respondents Morris Pelter, Robert B. Lee and Walter D. Roberts III be and hereby are dismissed in their entirety.

4. The parties each shall bear their respective costs including attorneys' fees.

FORUM FEES

5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$1250.00 filing fee previously deposited by the Claimant, and the \$950.00 previously deposited by the Shailams. In addition, the Claimant be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of TWO THOUSAND TWO HUNDRED SEVENTY FIVE DOLLARS AND NO CENTS (\$2,275.00), and Goda and Geeta Shailam be and hereby are jointly and severally liable and shall pay to the National Association of Securities Dealers, Inc. the sum of TWO THOUSAND TWO HUNDRED TWENTY FIVE DOLLARS AND NO CENTS (\$2,225.00), as costs of the six (6) hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

/s/ _____
Carl W. Engstrom

/s/ _____
Richard J. Bartlett

/s/ _____
John L. Barry III

Date of Decision: _____, 1991