

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of  
Securities Dealers, Inc.  
NASD Financial Center  
33 Whitehall Street  
New York, N.Y. 10004  
FAX (212) 858-4389

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In the Matter of the Arbitration BetweenName of Claimant(s)

Stephen Jaeger

90-02836

Name of Respondent(s)

Alex. Brown & Sons, Inc.  
Robert LeBeau

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REPRESENTATION

For Claimant: Thomas F. McKeown, Esq. of Bonistalli &amp; McKeown

For Respondents: Robert E. Patterson, Esq. of Alex Brown &amp; Sons, Inc.

CASE INFORMATION

Statement of Claim filed:

Claimant's Submission Agreement signed on: October 4, 1990.

Joint Statement of Answer filed by Respondents:

Respondent, Alex Brown &amp; Sons, Inc.'s Submission Agreement signed on: January 22, 1991 by Robert E. Paterson on behalf of the firm.

Respondent, Robert Lebeau's Submission Agreement signed on: December 12, 1990.

HEARING INFORMATION

Hearing Date: October 16, 1991.

Number of Hearing Sessions: Two (2) Sessions.

Hearing Location: Pittsburgh, PA

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AWARD-#90-02836

CASE SUMMARY

Claimant, Stephen Jaeger, alleged that he is an unsophisticated investor whose stated investment objective was that only 20% of his portfolio be placed in moderately high risk investments, when Respondents, Alex. Brown & Sons, Inc. ("Alex. Brown") and Robert Lebeau ("Lebeau"), in November of 1988, through fraudulent misrepresentations and omissions of material facts, induced Claimant to purchase highly speculative, over-the-counter securities, including, but not limited to, Casual Male, Priam, Polar Molecular and Gundle Environmental, some of which, Claimant alleged, Respondent, Alex. Brown, made a market in. Claimant also alleged that in May of 1989, Respondent, Lebeau, induced Claimant to buy \$10,000 face value of bonds of R.H. Macy & Co., Inc. ("Macy's"), 16.5% due November 15, 2006, for Claimant's Keogh Account at a price of \$56 3/4 which Claimant alleged was an unsuitable investment for Keogh funds.

Claimant alleged that as a result of said material misrepresentations, omissions, fraud and deception perpetuated by Respondents as well as their negligence and failure to follow his specific instructions, their violations of Section 10(b) of the Securities Exchange Act and Rule 10b-5 promulgated thereunder, and their several breaches of their fiduciary duties, Claimant has suffered substantial monetary damages.

Respondents requested that most of Claimant's Claims be dismissed stating that the Claims are time-barred pursuant to the NASD Code of Arbitration Procedure and Federal law. Respondents denied all allegations of wrong doing and maintained that Claimant is a knowledgeable, active investor in both stocks and commodities and that he fully understood the risks inherent in his transactions, that he placed all orders in his account himself and therefore was free at all times to sell or hold any or all of his positions, whether through Alex. Brown or elsewhere.

RELIEF REQUESTED

Claimant requested an award for damages in the amount of \$84,000.00 plus interest on his losses, the income that a properly managed portfolio would have earned, reimbursement of his costs and legal fees and such other relief as the arbitrators deem appropriate under the circumstances.

Respondents requested that the Claims be dismissed, or, in the alternative, that the arbitrators deny the claims submitted by the Claimant and that the Respondents be awarded attorneys' fees and costs and such other relief as is appropriate.

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**AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

1. Respondents, Alex. Brown & Sons, Inc. and Robert LeBeau, are jointly and severally liable and shall pay to Claimant the sum of Five Thousand Seven Hundred Eighty Eight Dollars and Five Cents (\$5,788.05) including interest;
2. The parties shall bear their own costs, including attorneys' fees.

**FORUM FEES**

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$150.00 non-refundable filing fee previously deposited by Claimant and the following Forum Fees are assessed:

Two (2) sessions X \$500.00 = \$1,000.00

Forum fees assessed against:

- 1- Claimant, in the amount of \$500.00; however, Claimant may use its \$500.00 hearing session deposit to offset this fee, thereby, Claimant owes no forum fees;
- 2- Respondents, Alex. Brown & Sons, Inc. and Robert LeBeau, jointly and severally, in the amount of \$500.00.

Fees are payable to the National Association of Securities Dealers, Inc.

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AWARD-#90-02836

ARBITRATION PANEL

Concurring Arbitrators' Signatures  
Name

Public/Industry

/s/

Steven B. Larchuk, Esq.

Public/Chairman

/s/

Gerhard W. Elm

Public/Panelist

/s/

Robert M. Stewart

Industry/Panelist

DATED BY NASD  
Date of Decision: DECEMBER 4, 1991