

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Pioneer Technologies Group, Inc.

91-00459

Name of Respondents

Oppenheimer & Co., Inc.
James W. Forsythe, Jr.

REPRESENTATION

For Claimant: Leonard S. Goodman, Esq. of Arent, Fox, Kintner, Plotkin & Rahm.

For Respondents: Joseph C. Pickard, Vice President, Legal Department, Oppenheimer & Co., Inc.

CASE INFORMATION

Statement of Claim filed: February 8, 1991.

Claimant's Submission Agreement signed on: February 5, 1991.

Joint Statement of Answer filed by Respondent, Oppenheimer & Co., Inc. and James W. Forsythe, Jr. on: June 13, 1991.

Respondent, Oppenheimer & Co., Inc.'s ("Oppenheimer") Submission Agreement signed on: June 11, 1991.

Respondent, James W. Forsythe, Jr.'s ("Forsythe") Submission Agreement signed on: June 12, 1991.

HEARING INFORMATION

Pre-Hearing Conference: October 30, 1991 - one session

Hearing Dates/Sessions: November 18, 1991 - two sessions
November 19, 1991 - two sessions
December 05, 1991 - two sessions
December 06, 1991 - three sessions

Hearing Location: NASD Office - Washington, D.C.

CASE SUMMARY

Claimant alleged that Oppenheimer and Forsythe recommended and permitted substantial trading of securities by Claimant that were unsuitable for Claimant in terms of both the nature of the securities involved and the amounts invested and contrary to its best interests. Claimant alleged that the trading was excessive in light of the amount of Claimant's funds and Claimant's objectives. Claimant alleged that the activity in its account was designed more to generate commission and margin interest income than to serve Claimant's best interests. Claimant alleged that Oppenheimer failed to adequately supervise Claimant's account and Forsythe's activities with respect to Claimant's account. Claimant alleged, that had Oppenheimer followed its own policies and procedures, Oppenheimer could have prevented most, if not all, of the damages suffered by Claimant.

Respondents maintained that Claimant's Chief Financial Officer, T. Patrick Reynolds ("Reynolds") controlled the trading in Claimant's account. Respondents maintained that Claimant's investment strategy changed from low risk investments to short term and speculative trading. Respondents maintained that Claimant was suitable for the investment strategy employed. Respondents maintained that Reynolds had implied an actual authority over Claimant's account. Respondent's maintained that Claimant's account was not churned as Reynolds controlled the Claimant's account. Respondents maintained that the investments made in Claimant's account were in line with Claimant's objective and that the trades were not made with an intent to generate commissions. Oppenheimer maintained that both Forsythe and Claimant's account were properly supervised; moreover, if there was a failure of supervision, it was Claimant's failure to supervise Reynolds. Respondent maintained that the losses in Claimant's account were due to Reynold's investment decisions. Respondents maintained that the duty to complain was up to Claimant and Claimant failed to complain until massive damages had occurred.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$1,011,000; its investment losses in an amount to be determined and proven at the arbitration, plus interest; approximately \$460,000 Claimant would have earned had its account been properly managed; an additional \$28,000 in audit fees Claimant incurred as a direct result of its account with Oppenheimer; costs, legal fees and expert fees Claimant incurred in connection with this claim.

Respondents requested that Claimant's claim be denied in its entirety and that Respondents be awarded costs, attorneys and expert fees incurred in defending this action.

OTHER ISSUES CONSIDERED & DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may 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.

AWARD

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

1. That Respondent Oppenheimer and Forsythe are jointly and severally liable to Claimant and shall pay to Claimant the sum of One hundred Fifty Thousand and 00/100 Dollars (\$150,000.00); interest at a rate of eight percent simple interest per annum shall begin to run from February 28, 1992 until the date this award is paid.
2. That all other claims asserted by Claimant are denied in their entirety.
3. That each party shall bear their respective costs including attorneys' and experts' fees.

FORUM FEES

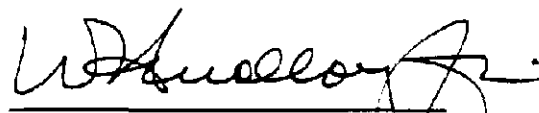
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

That Claimant's hearing session fee is retained to cover the initial hearing session and that the remaining 10 hearing sessions shall be equally split between the Claimant and the Respondents jointly and severally.

Claimant shall pay forum fees in the amount of \$5,000 and Respondents jointly and severally shall pay forum fees in the amount of \$5,000.

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

Concurring Arbitrator's Signature:


William H. Malloy Jr., Esq.
Public Arbitrator/Chairman

Date of Decision: February 12, 1992

OTHER ISSUES CONSIDERED & DECIDED

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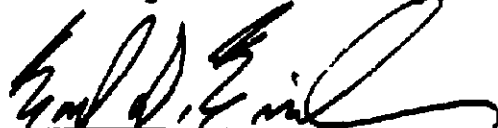
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Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrator's Signature:



Earl D. Erickson
Industry Arbitrator

Date of Decision: February 12, 1992

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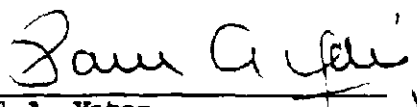
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Concurring Arbitrator's Signature:


Paul A. Yates
Public Arbitrator
2/3/92

Date of Decision: February 12, 1992