

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

---

In the Matter of the Arbitration Between

Name of Claimants

Howard Rothenberg  
Barbara Rothenberg

91-01016

Name of Respondents

PaineWebber, Inc.  
Charles H. Godwin  
Randall S. Sandstrom

---

REPRESENTATION

For Claimants: Marc A. White, Esq.

For Respondents: PaineWebber, Inc. and Charles H. Godwin were represented by Joseph F. Generelli, Esq.

Randall S. Sandstrom was represented by Marc B. Dorfman, Esq. of the law firm of Freedman, Levy Kroll & Simonds.

CASE INFORMATION

Statement of Claim filed on: April 2, 1991.

Claimants' Submission Agreement signed on: February 26, 1991.

Joint Statement of Answer filed by Respondents PaineWebber, Inc. ("PW") and Charles H. Godwin ("Godwin") on: June 27, 1991.

Respondent PW's Submission Agreement signed on: June 19, 1991.

Respondent Godwin's Submission Agreement signed on: February 28, 1992.

Statement of Answer filed by Respondent Randall S. Sandstrom ("Sandstrom") on: July 18, 1991.

Respondent Sandstrom's Submission Agreement signed on: February 18, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: February 18, 1992, 2 Sessions.  
February 19, 1992, 1 Session.

Hearing Location: Baltimore, MD.

CASE SUMMARY

Claimants alleged that they suffered a loss in their account caused by the handling of their account by the Respondents PW, Godwin and Sandstrom specifically, Mr. Sandstrom's deliberate failure to follow the instructions he was given by the Claimants. Claimants further alleged the loss was aggravated by Respondent Sandstrom's deliberate disregard of the limitations he was given about risking only \$50,000.00 and his failure to follow instructions regarding the stock in Walt Disney Co., Inc. Claimants further alleged their losses were as a result of Respondents' failure to supervise Claimants' account; failure to establish whether future currency transactions were suitable for Claimants; failure to inquire as to the suitability of the degree of activity in the account and failure to police the retention of the 1,000 shares of stock in Walt Disney Co., Inc. Claimants further maintained they signed an agreement in which the Respondent Sandstrom agreed to compensate Claimants for their losses.

Respondents PW and Godwin maintained they properly and completely fulfilled all supervisory duties and they should not be held accountable for losses incurred as a result of market forces over which none of the Respondents had any control. Respondents PW and Godwin further maintained Claimants were aware of the risks entailed in commodities trading and Claimants were sent summaries of all transactions and no affirmative complaint was made to PW management at any time for almost six months after the initial losses. Respondents PW and Godwin further maintained the Note signed by Claimants and Respondent Sandstrom appears to memorialize Claimants' understanding that if there was any fault to be attributed to the losses incurred, that fault rested solely with Respondent Sandstrom and they should not be held liable for Respondent Sandstrom and they should not be held liable for Respondent Sandstrom's failure to follow firm and individual policies.

Respondent Sandstrom maintained he did not represent to the Claimants that they would make a 30 to 50 percent return on their investment; he did not disobey any specific instructions given by the Claimants; he did not violate the terms of any binding agreement between Sandstrom and Claimants and did not make any material misrepresentations to Claimants and any losses suffered by Claimants were due to market forces, not any conduct by Respondent Sandstrom and Claimants represented themselves as aggressive investors who had speculated in the securities markets for some time using margin.

Respondent Sandstrom further maintained the "Note" does not create an enforceable obligation and Claimants deliberately and improperly manipulated Respondent Sandstrom into signing the Note. Respondent Sandstrom further asserted a crossclaim against Respondent PW for indemnification as he was employed as a registered representative by Respondent PW at the time of the conduct complained of.

RELIEF REQUESTED

Claimants requested damages of \$92,000.00, punitive damages of \$50,000.00 and attorneys' fees in the sum of \$15,000.00.

Respondents PW and Godwin requested dismissal of the claim in its entirety.

Respondent Sandstrom requested dismissal of the claim in its entirety and that he be indemnified by PW for all losses incurred by Respondent Sandstrom, including but limited to the costs of defense and attorney's fees.

AWARD

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

1. All claims by the Claimants against all Respondents be and hereby are dismissed in all respects;
2. The Claimants' claim for Punitive Damages is denied;
3. All cross-claims by all parties are denied; and
4. Each party shall bear their respective costs, including attorneys' fees.

FORUM FEES

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

\$750.00 X 3 Sessions = \$2,250.00 minus hearing session deposit  
of \$750.00 = net \$1,500.00 due.

The Respondents FW and Godwin be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$750.00 to represent forum fees and the Respondent Sandstrom be and hereby is liable and shall pay to the NASD the sum of \$750.00 to represent forum fees.

The NASD shall retain the \$250.00 claim filing fee previously deposited by the Claimants.

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

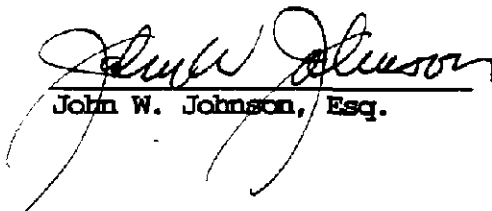
CONCURRING ARBITRATORS' SIGNATURE

  
J. Martin McDonough, Jr., Esq.

Public Arbitrator

  
Judith A.W. Ferris

Industry Arbitrator

  
John W. Johnson, Esq.

Public Arbitrator

Date of Decision: April 9, 1992

Dated by the NASD: April 20, 1992