



N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Arbitration

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

In the Matter of the Arbitration Between

Name of Claimants

Louis B. Scharon

91-01499

Name of Respondents

Legg Mason Wood Walker, Inc  
Roger Bair

REPRESENTATION

For Claimant: Claimant appeared pro se.

For Respondent: C. Gregory Kallmyer, Esq.

CASE INFORMATION

Statement of Claim filed: May 13, 1991.

Claimant's Submission Agreement signed on: May 31, 1991.

Respondent Legg Mason Wood Walker Inc.'s Submission Agreement signed on:  
August 8, 1991.

Joint Statement of Answer and Motion to Dismiss filed by Respondents on:  
August 12, 1991.

Respondent Roger Bair's Submission Agreement signed on: August 6, 1991.

HEARING INFORMATION

Hearing Date/Sessions: December 18, 1991, One Session

Hearing Location: Baltimore, Maryland

CASE SUMMARY

Claimant alleged that he opened a discretionary management account with Respondents and they misrepresented their intentions with regard to his account and were instead exercising improper control over the volume and

frequency of trading and abused his confidence for their personal gain by initiating transactions which were clearly unsuitable and excessive in view of his express investment goals and objectives and were done to derive a profit for themselves.

Respondents maintained Claimant was made fully aware of the risks and costs associated with the investment program he selected and it is unfair for Claimant to claim his investments have not reached their expected returns at mid-term. Respondent further maintained Claimant modified his investment approach, contrary to his original intentions and despite this, his IRA was still profitable.

RELIEF REQUESTED

Claimant requested damages of \$4,650.00 plus interest in the sum of 10% per annum from March 1, 1985 representing commissions paid to Respondents and damages of approximately \$5,000.00 representing lost profits which Claimant's funds should reasonably have earned during the time they were controlled by Respondents.

Respondents requested dismissal of Claimant's claim.

AWARD

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

1. Respondents, Legg Mason Wood Walker, Inc. and Roger Bair be and hereby are liable jointly and severally and shall pay to the Claimant, Louis B. Scharon, the sum of Nine Thousand, Six Hundred Fifty Dollars and No Cents (\$9,650.00), interest specifically excluded.
2. The Respondents' Motion to Dismiss is denied.
3. The parties shall each bear their respective costs including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$275.00 filing fee previously deposited by the Claimant.

ARBITRATOR SIGNATURE



Dickee M. Howard  
Public Arbitrator

Date of Decision: January 22, 1992