



N.A.S.D. AWARD

Arbitration

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

In the Matter of the Arbitration Between

Name of Claimant

Joan Weiskopf

vs.

Case #
91-02940

Name of Respondents

Janney Montgomery Scott Inc.
Mortimer Goldman

REPRESENTATION

For Claimant, Joan Weiskopf, Peter Cella, Esq. of the law firm of Duignan & Cella and Susan N. Perkins, Esq. of the law firm of Susan N. Perkins, P.C.

For Respondents, Janney Montgomery Scott, Inc. ("JMS") and Mortimer Goldman ("Goldman"), Martin S. Berglas, Esq.

CASE INFORMATION

Statement of Claim was filed on September 16, 1991.
Claimant's Submission Agreement was signed on August 23, 1991.

Joint Statement of Answer was filed by Respondents on November 21, 1991.
JMS' Submission Agreement was signed on November 4, 1991.
Goldman's Submission Agreement was signed on November 4, 1991.

HEARING INFORMATION

Pre-Hearing Conferences: June 4, 1992 - One session.

Hearing Dates/Hearing Sessions:
August 11, 1992 - Two sessions
August 12, 1992 - Two sessions.

Hearing Location: National Association of Securities Dealers, Inc.'s offices located at 33 Whitehall Street, New York, New York.

CASE SUMMARY

Claimant alleges that she is forty-eight years old, single, jewel designer

with no background or experience in securities or securities investment. Claimant states that in 1986 she placed \$6,000.00 in a money market fund through Goldman who was a family acquaintance employed by Thomson McKimmon Securities in 1986 and that her investment objectives were preservation of capital and capital appreciation. Claimant further states that in 1986 she had suffered a nervous breakdown and had been briefly institutionalized. Claimant states that in December, 1987, she received a windfall inheritance of \$175,000.00 and that she turned over the entire inheritance to Goldman through 1987, 1988 and 1989.

Claimant alleges that in 1988, Goldman induced her to sign a margin and options account agreements and failed to inform her of the risk associated with options and margin. Claimant also alleges that Goldman deliberately misrepresented and inflated Claimant's financial position, trading experience and investment objectives. Claimant states that when Goldman became employed by JMS, he transferred Claimant's account and opened similar accounts there as well. Claimant states that she complained to management regarding losses when she began to sustain, but to no avail.

Claimant alleges that JMS, among other things, failed to supervise Goldman as required by Article III, Section 27 of the NASD Rules of Fair Practice. Claimant also alleges that JMS violated Article III, Section 18 of the NASD Rules of Fair Practice and Section 10(b) and 20 of the Securities Exchange Act of 1934, 15, U.S.C. Sections 78j(b), 78t, and Rules 10b-5, 17 C.F.R. Section 240.10b-5 thereunder.

Respondents deny each and every allegation of wrongdoing set forth in the Statement of Claim. Respondents state that if Claimant had psychological problems, it was mild. Respondents also state that any losses sustained by Claimant was as a result of her own conduct. Respondents state that Claimant lived beyond her means and attempted to sustain her excessive lifestyle through aggressive but ultimately unsuccessful securities trading. Respondents further state that Goldman suggested a small amount of aggressive trading to allow her to sustain Claimant's lifestyle and that Claimant unilaterally increased the level of trading. Respondents allege that Claimant was advised of the increased risk and she chose to pursue the investment. Goldman alleges that Claimant often brought him "stock tips" that she had received from friends and relatives. Respondents further allege that Claimant withdrew \$5,300.00 from her account and invested it with Stuart James, Inc., a now-defunct "penny stock" broker. Respondents also allege that Claimant withdrew over \$65,000.00 from her account.

RELIEF REQUESTED

Claimant requests that the panel award her the following:

- 1) \$68,758.47, for trading losses;
- 2) \$13,259.79 for commissions paid;
- 3) \$15,750.00 for lost profits for two and a half years at nine

percent (9%);

- 4) \$50,000.00 as punitive damages;
- 5) Interest at a rate of nine percent (9%) on the total award from January, 1989 to the date of payment;
- 6) attorneys' and expert witness fees;
- 7) such other and further relief as the panel deems fair and equitable.

Respondents request that the claim be dismissed in its entirety and that all costs relating to this arbitration should be assessed against Claimant.

OTHER ISSUES CONSIDERED AND 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, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondents, JMS and Goldman, are hereby jointly and severally liable to Claimant and shall pay her **TWENTY TWO THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$22,500.00)**, inclusive of interest;
2. The claim for punitive damages is denied;
3. The claim for attorneys' and expert fees is denied.

FORUM FEES

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

1. Forum fees in the amount of \$3,300.00 for 1 pre-hearing conference at \$300.00 per conference and 4 hearing sessions at \$750.00 per session are assessed and shall be borne by JMS;
2. Claimant is assessed \$200.00 non-refundable filing fee;
3. Claimant deposited \$950.00 and shall receive a refund of \$750.00;
4. Respondent JMS shall satisfy the assessment by reimbursing Claimant \$750.00 and by remitting the balance, \$2,550.00 to the NASD.

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

Concurring Arbitrator's Signature

Romeo J. Barros

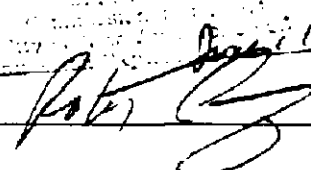
Romeo J. Barros, Esq.
Public Panelist

Date of Decision: September 14, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

S.S.:

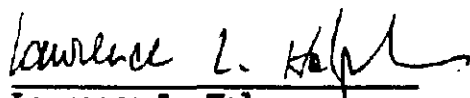
On this ^{14th} day of September 1992, before me personally appeared **ROMEO J. BARROS, ESQ.** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



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

Concurring Arbitrator's Signature



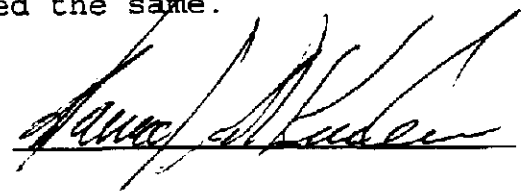
Lawrence L. Halpern
Industry Panelist

Date of Decision: September 14, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

S.S.:

On this 15th day of September 1992, before me personally appeared **LAWRENCE L. HALPERN** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



DAVID D. KESSLER
Notary Public, State of New York
No 24-2101010
Qualified in Nassau County
Commission Expires 7/31/93

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

Concurring Arbitrator's Signature

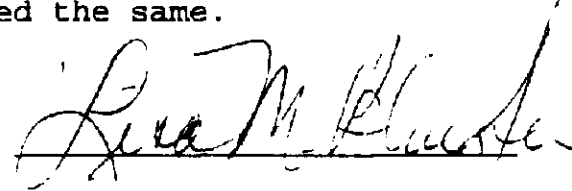

Harvey Harrison, Esq.
Chairperson/Public

Date of Decision: September 14, 1992

STATE OF NEW YORK
COUNTY OF NEW YORK

S.S.:

On this // day of September 1992, before me personally appeared **HARVEY BARRISON, ESQ.** known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same.



LISA M. BLUESTEIN
Notary Public, State of New York
No. 41-4552945
Qualified in Queens County 93
Commission Expires July 2, 1995