

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Jeffrey M. Ruston

91-03872

Name of Respondents

Legg Mason Wood Walker, Inc
James Buehler

REPRESENTATION

For Claimant Jeffrey M. Ruston ("Claimant"): Christopher M. Houlihan, Esq. of the law firm of Roemer and Featherstonhaugh, P.C.

For Respondent Legg Mason Wood Walker, Inc. and James Buehler ("Respondents"): Gerald F. Rath, Esq. of the law firm Bingham, Dana & Gould.

CASE INFORMATION

Statement of Claim filed: December 6, 1992

Claimant's Submission Agreement signed on: November 19, 1991

Joint Statement of Answer filed by Respondents on: February 24, 1992

Respondent Legg Mason Wood Walker, Inc.'s ("Legg Mason") Submission Agreement signed on: February 26, 1992

Respondent James Buehler's ("Buehler") Submission Agreement signed on: January 9, 1992

HEARING INFORMATION

Hearing Dates/Sessions: November 23, 1992 - two sessions, November 24, 1992 - two sessions and December 11, 1992 - one session

CASE SUMMARY

Claimant, among other things, alleged that he was an unsophisticated and inexperienced investor. Claimant alleged that Respondent Buehler induced him to open up a margin account and to pursue a strategy of investing which was unsuitable for the Claimant. Claimant alleged that all trades made in his account were unauthorized and that Respondents failed to know their customer. Claimant alleged that Respondents mishandled his account, that they made material misrepresentations and that they omitted to disclose material facts to the Claimant. Claimant alleged that Respondents fraudulently concealed the frauds they committed. Claimant alleged that Respondents committed securities fraud, that Respondents breached their contract with Claimant and breached their fiduciary duty that they owed to Claimant. Claimant alleged that Respondents negligently handled his account, committed common law fraud, violated Section 10(b) of the Securities Exchange Act of 1934. Claimant alleged that his account was churned and that Respondents violated the RICO statute. Claimant alleged that Legg Mason failed to supervise its employee, Buehler, or to adequately supervise Claimant's account.

Respondents categorically denied each and every allegation of wrongdoing and specifically maintained that Claimant controlled the trading in his account. Respondents maintained that it was Claimant's decision to open a margin account and to trade options as well as securities. Respondents maintained that Claimant requested that Buehler have discretion over his account so that Claimant could take advantage of the market even when Buehler could not personally reach Claimant. Respondents maintained that all trading in Claimant's account was authorized. Respondents maintained that Claimant was sent investment literature, monthly statements and confirmation slips on a timely and consistent basis. Respondents maintained that they knew their customer and satisfied his trading demands. Respondents maintained that Buehler and Claimant were continually in contact with one another. Respondents maintained that all losses sustained by Claimant were beyond their control. Respondents maintained that Claimant's chosen investment strategy turned on him and that Claimant ignored the investment advice that Buehler offered to Claimant.

RELIEF REQUESTED

Claimant in his pleadings requested compensatory damages in the amount of \$184,821.46, punitive damages in the amount of \$1,000,000 together with interest costs and reasonable attorney's fees; plus, treble damages in the amount of \$554,464.38, together with interest, costs and reasonable attorney's fees and disbursements.

Respondents requested that Claimant's claim be dismissed in its entirety.

STATE OF: New York
COUNTY OF: New York

S.S:

On this 14 day of October 1992, before me personally appeared Murray I Sommer, Esq.
known and known to me to be the individual described in and who executed the foregoing
instrument and be duly acknowledged to me that he executed the same.

SUSAN J. LINGER
NOTARY Public in and for New York
No. 497107
Qualified in New York County
Commission expires December 31, 19__

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 original(s) 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:

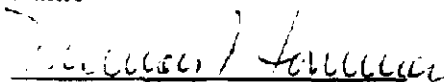
1. That Claimant's claim is denied in its entirety.
2. That Claimant's punitive damage and RICO claims are denied in their entirety.
3. That the parties shall bear their respective costs including attorneys fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the forum fees for the six (6) hearing sessions conducted in this matter are equally assessed against the Claimant and the Respondents, jointly and severally. The five hearing sessions that were conducted in this matter were at a cost of \$1,000 per session. Claimant is assessed forum fees in the amount of \$2,500; however, he is entitled to offset this amount with his hearing session deposit of \$1,000, so that the amount due from the Claimant is \$1,500. Respondents are jointly and severally assessed forum fees in the amount of \$2,500.

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

Concurring Arbitrator's Signature
Name


Murray I. Sommer

Public/Industry

Public Arbitrator

Date of Decision: December 19th, 1992

OTHER ISSUES CONSIDERED & DECIDED

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1. That Claimant's claim is denied in its entirety.
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Concurring Arbitrator's Signature
Name


Thomas E. LaRossa

Public/Industry

Industry Arbitrator

Date of Decision: December 29th, 1992

OTHER ISSUES CONSIDERED & DECIDED

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

Concurring Arbitrator's Signature
Name

Robert Colton
Robert Colton

Public/Industry

Public Arbitrator

Date of Decision: December 29th, 1992