

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Anne E. Bundy

91-04071

Name of Respondent

Goldman, Sachs & Co.

REPRESENTATION

For Claimant: Laurence J. Eisenstein, Esq. of the law firm of Covington & Burling.

For Respondent: Franklin Poul, Esq. of the law firm of Wolf, Block, Schorr & Solis-Cohen.

CASE INFORMATION

Statement of Claim filed: December 23, 1991.

Claimant's Submission Agreement signed on: November 17, 1991.

Statement of Answer filed by Respondent, Goldman, Sachs & Company on: February 28, 1992.

Respondent Goldman, Sachs & Company's Submission Agreement signed on: February 25, 1992.

Respondent Goldman, Sachs & Company's Supplemental Answer filed on: August 28, 1992.

HEARING INFORMATION

Pre-Hearing Conference: September 30, 1992, 1 Session

Hearing Dates/Sessions: October 14, 1992, 2 Sessions
October 15, 1992, 2 Sessions

Hearing Location: Baltimore, Maryland

CASE SUMMARY

Claimant alleged that Respondent, Goldman Sachs & Company, and its representatives mismanaged her account over a period of years, breaching its fiduciary duty to act in her best interests. Claimant also alleged that Respondent engaged in trading which was inappropriate for Claimant's stated objective of maintaining conservative investments with growth potential; misrepresented to Ms. Bundy that she was invested conservatively and failed to disclose the true nature of the securities purchased for her, for example denying that any junk bonds had been purchased; failed to disclose to her that a large percentage of the securities purchased for her account had been underwritten by Goldman Sachs and Company and in general, unduly traded in such securities.

Respondent maintained that Claimant's objective was not to invest conservatively with growth potential but to acquire income. Respondent denied the allegations that it "engaged in trading" on Claimant's behalf as Goldman Sachs & Company did not have or seek discretionary authority over Claimant's account and maintains that every transaction was specifically authorized by Claimant in advance and Respondent's representatives did give Claimant advice, and this advice was at all times appropriate in the context of her assets and objectives. Respondent further maintained Claimant was kept fully advised and most of the investments which she made on the recommendation of Goldman Sachs & Company turned out very well and those few which ultimately depreciated significantly were at the time of Claimant's purchase considered sound high income investments by the investment community. Goldman Sachs & Company asserted that there was no impropriety in purchasing for Claimant securities underwritten by Goldman Sachs & Company. Respondent further asserted that Claimant was aware that the high income yields she was seeking necessarily involved a higher degree of risk than similar investments providing substantially lower returns. Respondent also alleged in its Supplemental Answer that the claims, or part of them, were barred by the Statute of Limitations.

RELIEF REQUESTED

Claimant requested:

- (a) actual damages of at least \$365,000.00;
- (b) all of Claimant's costs, expenses and disbursements, including reasonable attorney's fees in pursuing this arbitration proceeding; and
- (c) such other relief as the arbitration panel deems just and proper.

Respondent requested dismissal of all claims plus costs and attorneys' 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. The Respondent be and hereby is liable and shall pay to the Claimant the sum of \$101,000.00 inclusive of interest.
2. The Respondent be and hereby is liable and shall pay to the Claimant the sum of \$15,000.00 to represent attorneys fees.
3. The Respondent be and hereby is liable and shall pay to the Claimant the sum of \$950.00 to reimburse her for the fees paid.

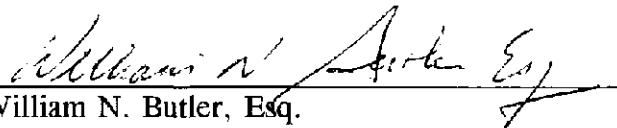
FORUM FEES

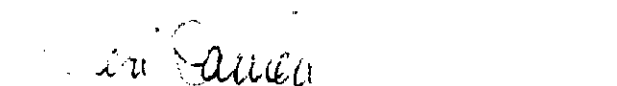
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

4 sessions X \$750 = \$3,000 plus pre-hearing conference (1 session) \$300.00 =
\$3,300.00 minus hearing session deposit of \$750.00 = net \$2,550.00 due.

The Respondent be and hereby is liable and shall pay to the NASD the sum of \$2,550.00 to represent forum fees.

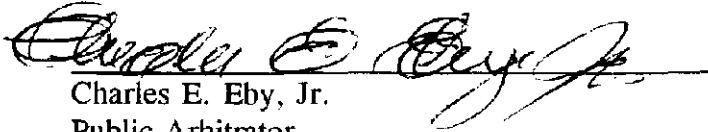
ARBITRATOR SIGNATURES


William N. Butler, Esq.
Public Arbitrator


M. Teri Ranieri
Industry Arbitrator

Page 4

Award #91-04071

A handwritten signature in cursive script, reading "Charles E. Eby, Jr.", written over a horizontal line.

Charles E. Eby, Jr.
Public Arbitrator

Date of Decision: January 6, 1992