

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant

Marvin Levin

92-00788

Name of Respondents

Prudential Securities, Inc.  
Robert Grosnoff  
Robert Knauss

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**REPRESENTATION**

Claimant Marvin Levin ("Claimant"): Anthony J. Hom, Attorney at Law.

Respondents Prudential Securities, Inc. ("PSI"), Robert Grosnoff ("Grosnoff") and Robert Knauss ("Knauss"): Donald R. Levine, First Vice President and Lisa J. Rosenbaum, Associate Vice President at Prudential Securities, Inc.

**CASE INFORMATION**

Statement of Claim filed: March 2, 1992.

Claimant's Submission Agreement signed on: February 27, 1992.

Joint Statement of Answer filed by Respondents, PSI, Knauss and Grosnoff (collectively referred to as "Respondents") signed on: April 29, 1992.

Respondent PSI's Submission Agreement signed on: September 2, 1993.

Respondent Knauss's Submission Agreement signed on: September 21, 1993.

Respondent Grosnoff's Submission Agreement signed on: September 2, 1993.

Joint Amended Statement of Answer filed by Respondents on: September 2, 1993.

### **HEARING INFORMATION**

Hearing Date/Sessions: November 2, 1993, 2 sessions.

Hearing Location: NASD, Inc., Philadelphia, PA.

### **CASE SUMMARY**

Claimant alleged that Respondents encouraged him to trade in commodities futures which was unsuitable for him. Claimant alleged that Knauss handled Claimant's commodities account on a discretionary basis and that Knauss had complete control. Claimant alleged that Knauss breached his fiduciary duty he owed to Claimant. Claimant alleged that Knauss made false representations to Claimant to induce Claimant to trade commodities and that Knauss churned his account. Claimant alleged that Respondents falsely told him that he had no recourse for the wrongful actions committed by Knauss. In addition, Claimant alleged violations of the Commodities Exchange Act, fraud, negligence, breach of contract, violations of federal securities laws, unauthorized option trading and failure to supervise.

Respondents categorically denied all allegations of wrongdoing and maintained that Claimant's claim is barred by Section 15 of the Code of Arbitration Procedure or in the alternative by all applicable statutes of limitations. Respondents maintained that Claimant fails to state a claim upon which relief may be granted. Respondents further maintained that Claimant's claim is barred by the principals of waiver, ratification and estoppel.

### **RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$77,000; plus interest, attorneys' fees and costs.

Respondents requested that Claimant's claim be dismissed in its entirety and that Claimant be required to pay all reasonable attorneys' fees and costs associated with defending this claim.

### **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 originals remain on file with the NASD.

The Panel considered all claims that occurred from March 4, 1986 to present. The Panel noted that all claims that occurred prior to that date had been ruled ineligible for submission to arbitration by the Director of Arbitration.

### **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. That Claimant's claim is denied in its entirety.
2. That the parties shall bear their costs and attorneys' fees, except as specifically addressed herein.

### **FORUM FEES**

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

2 Hearing Sessions x \$750 = \$1,500 minus the hearing session deposit of \$750 = \$750 due.

Forum fees are assessed against Claimant in the amount of \$750.

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

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Concurring Arbitrator's Signature  
Name

Public/Industry

Barbara A. Ash - H 17-6-  
Barbara A. Ash, Esq.

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Public Arbitrator

NASD Date of Decision: December 10, 1993

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Concurring Arbitrator's Signature  
Name

Public/Industry

A. R. G. Solmssen & Dec 93  
Arthur R.G. Solmssen Public Arbitrator

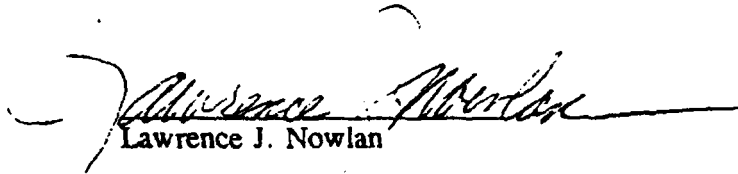
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Concurring Arbitrator's Signature  
Name

Public/Industry

  
Lawrence J. Nowlan

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Industry Arbitrator

NASD Date of Decision: December 10, 1993