

**N.A.S.D. AWARD**

**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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**In the Matter of the Arbitration Between**

**Name of Claimants**

**David Lannie and Instrument Technical Services, Inc.**

**92-01242**

**Name of Respondents**

**Stratton Oakmont, Inc., Jordan Belfort  
Frank Casillo, Richard Bronson,  
Brian Angiuli**

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**REPRESENTATION**

**For Claimants, David Lannie and Instrument Technical Services, Inc., at the hearing: Thomas H. Twitty, Jr., Esq., Mobile, Alabama and Leonard A. Washofsky, Esq., Metairie, Louisiana.**

**For Respondents, Stratton Oakmont, Inc. and Jordan Belfort, at the hearing: Norman Arnoff, Esq. Lake Success, New York. For Respondent, Frank Casillo, at the hearing, Stephen B. Wexler, Esq., Wexler & Burkhart, P.C., Garden City, New York. For Respondents, Richard Bronson and Brian Angiuli, at the hearing: Jacob H. Zamansky, Esq., Finkelstein Bruckman Wohl Most & Rothman, New York, New York.**

**CASE INFORMATION**

**Statement of Claim filed: April 9, 1992. Claimant's Submission Agreement signed on: April 3, 1992.**

**Joint Statement of Answer filed by Respondents, Stratton Oakmont, Inc., Jordan Belfort, Frank J. Casillo, Richard Bronson, and Brian Angiuli on: June 22, 1992.**

**Respondents, Stratton Oakmont, Inc. and Frank Casillo's Submission Agreements signed on: July 6, 1992. Respondents, Jordan Belfort and Brian Angiuli's Submission Agreements signed on: July 2, 1992. Respondent, Richard Bronson's Submission Agreements signed on: June 22, 1993.**

**HEARING INFORMATION**

**Pre-Hearing Conference: May 6, 1993 for one (1) session with the full panel.**

**Hearing Dates/Sessions: October 4, 1993 for two (2) sessions;  
October 5, 1993 for two (2) sessions;**

October 6, 1993 for three (3) sessions;

October 7, 1993 for two (2) sessions.

Hearing Location: New Orleans, Louisiana.

### **CASE SUMMARY**

Claimants, David Lannie & Instrument Technical Services, Inc. ("Lannie") alleged that Respondent, Brian Anguile ("Anguile") committed fraud and deceit by purchasing and selling securities without authorization and recommending securities which were unsuitable, violated federal and state securities laws, was negligent, and breached agreements with respect to the purchase and sale of securities. Lannie alleged that Respondents Stratton Oakmont ("Stratton"), Jordan Belfort ("Belfort"), Frank Casillo ("Casillo"), and Richard Brunson ("Brunson") also materially aided in the conduct giving rise to the liability on which the Statement of Claim is based.

Lannie further alleged that the investments made were not suitable in light of their financial needs and minimal investment experience, and also that some of the transactions were made without their authorization. Lannie also alleged that Belfort and Casillo either directed the practices or failed to properly supervise.

Lannie alleged that Anguile is liable for the following transactions: recommending that Lannie purchase Eastman Kodak Company stock which they did but eventually resulted in a loss; purchasing shares of Ventura Motion Picture Group and Nova Capital, Inc. (Nova Capital, Inc. later changed its name to Visual Equities, Inc.) without authorization; selling shares of Ventura Motion Picture Group without authorization which resulted in a loss; selling shares of DVI Financial Corporation and buying shares of Ventura Motion Picture Group without authorization or knowledge; and selling units of Ropak Laboratories common stock and warrants without authorization.

Respondents Stratton, Belfort, Casillo, Brunson, and Anguile ("Respondents") alleged that Lannie is a knowledgeable and sophisticated individual who wanted aggressive investments and discussed and approved all the transactions that took place in the accounts. Respondents also alleged that all risks were fully discussed with Lannie and he indicated an understanding and acceptance of them. Respondents further alleged that Lannie contended that he has been defrauded simply because some of his investments did not perform as had been hoped.

### **RELIEF REQUESTED**

Claimants requested actual damages in the amount of \$348,698.88 plus interest and attorney's fees, and punitive damages.

Respondents requested that the Statement of Claim be dismissed in its entirety, and that they be awarded attorney's fees and costs.

#### **OTHER ISSUES CONSIDERED & DECIDED**

At the hearing, a motion was filed by counsel for claimant for Sanctions For Failure of Respondents Stratton Oakmont, Inc., Jordan Belfort, Frank Casillo, Richard Bronson, and Brian Anguli to Comply with the Panel's May 6, 1993 Discovery Order. The motion was withdrawn by claimant against all respondents except Jordan Belfort and Stratton Oakmont, Inc. The panel granted the motion. (see Award section, number 2).

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 and post hearing submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's Statement of Claim is denied and dismissed;

2. Respondents Stratton Oakmont and Jordan Belfort shall be and hereby are jointly and severally liable for and shall pay to the Claimants, David Lannie and Instrument Technical Services, Inc., attorney's fees in the sum of Five Thousand Dollars (\$5000.00). Attorney's fees are awarded pursuant to Section 35 of the NASD Code of Arbitration Procedure.\* The Award of attorney's fees is awarded because of non-compliance with the panel's May 6, 1993 discovery order.

\*Section 35 of the NASD Code of Arbitration Procedure states: "The arbitrators shall be empowered to interpret and determine the applicability of all provisions under this Code and to take appropriate action to obtain compliance with any ruling by the arbitrator(s). Such interpretations and actions to obtain compliance shall be final and binding upon the parties."

#### **FORUM FEES**

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

9 sessions X \$1000 = \$9000 minus hearing session deposit of \$1000 = \$8000

plus \$300 for the prehearing conference session = net \$8300 due.

Forum fees in the amount of \$8300 are assessed against Respondent Stratton Oakmont, Inc. only.

Additional Forum Fees assessed by the panel are payable to the National Association of Securities Dealers, Inc.

**By The Arbitration Panel:**

**Dated:**

12/10/93

S/S John F. Galvin

John F. Galvin, Esq., Presiding  
Public Arbitrator

12/8/93

S/S Edward J. Gay, III

Edward J. Gay, III, Esq.  
Public Arbitrator

12/10/93

S/S Timothy B. Alack

Timothy B. Alack  
Industry Arbitrator

**Date Award Served By The NASD:** 12-13-93