

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Barbara Ann Borke Baumgardner & E. Wayne Baumgardner

92-01346

Name of Respondents

Legg Mason Wood Walker, Inc.
Michael M. Ford

REPRESENTATION

For Claimant: William N. Butler of the law firm of Howard, Butler, & Melfa, P.A.

For Respondents: Kevin F. Arthur and Andrew Jay Graham of the law firm of Kramon & Graham, P.A.

CASE INFORMATION

Statement of Claim filed: April 16, 1992.

Claimant's Submission Agreement signed on: April 2, 1992.

Joint Statement of Answer filed by Respondents on: May 29, 1992.

Respondents Legg Mason Wood Walker, Inc. and Michael M. Ford's Submission Agreements signed on: May 27, 1992.

HEARING INFORMATION

Hearing Dates/Sessions: October 1, 1992, 2 Sessions.
October 2, 1992, 2 Sessions.

Hearing Location: Baltimore, Maryland.

CASE SUMMARY

Claimants alleged that Respondents handled Claimants' account in a negligent manner: failed to monitor Claimants' accounts as promised; failed to follow Claimants' instructions to sell shares of Midlantic Corp. in their account; breached the fiduciary duty owed to Claimants as one or more of Respondents exercised effective control over Claimants' investments and Respondents abused the history and confidence reposed in them by Claimants. Claimant further alleged Respondents have engaged in a course of conduct in violation of New York Stock Exchange rule 405 by failing to use diligence to learn of the essential facts relative to Claimants' trading account and Respondent Legg Mason Wood Walker, Inc. failed to supervise diligently the accounts handled by Respondent Michael M. Ford and the Respondent Legg Mason Wood Walker, Inc.'s omissions are the proximate cause of Claimants' losses. Claimant further alleged the acts of Respondent were willful, wanton, malicious and were performed with a conscious disregard for the rights of Claimants so as to justify the awarding of punitive and exemplary damages.

Respondents maintained that Respondents recommended many trades in Claimants' accounts and at no time did Respondent Michael M. Ford have any discretionary authority to effect any trade in Claimants' accounts and did effect trades only with the assent and upon the order of Claimants themselves. Respondents further maintained they properly followed Claimants' instructions involving the sale of shares of Midlantic Corp. and Claimants never protested any alleged failure to carry out instructions until nearly two years later, when the price of the shares had substantially declined. Respondents denied that they failed to monitor stocks in Claimants' accounts and Respondent Michael M. Ford did consistently monitor the performance of all stocks in the accounts and Michael M. Ford recommended a substantial number of extremely successful trades in both of Claimants' accounts.

RELIEF REQUESTED

Claimants requested compensatory damages in the sum of \$128,752.85 and punitive damages against each of the Respondents in the sum of \$327,040.00 plus reasonable attorneys' fees and costs.

Respondents requested dismissal of all claims.

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 Respondents Legg Mason Wood Walker, Inc. and Michael M. Ford be and hereby are liable jointly and severally and shall pay to the Claimants the sums of \$5,000.00 inclusive of interest.
2. The Claimants' request for punitive damages is denied.
3. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

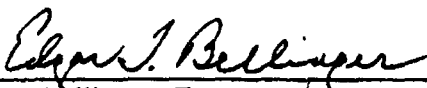
Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

4 Sessions X \$750.00 = \$3,000.00 less hearing session deposit of \$750.00 = net
\$2,250.00 due.


The Claimants be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$750.00 to represent forum fees and the Respondents be and hereby are liable jointly and severally and shall pay to the NASD the sum of \$1,500.00 to represent forum fees.

The NASD shall retain the \$200.00 claim filing fee previously deposit by the Claimant.

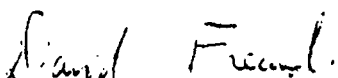
ARBITRATOR SIGNATURES



Edgar T. Bellinger, Esq.
Public Arbitrator



Earl D. Erickson
Industry Arbitrator



David Freund
Public Arbitrator

Date of Decision: December 21, 1992