

## N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERSName of Claimant

Linda Armstrong

No. 92-03785

Name of RespondentsRodman & Renshaw, Inc.  
Bernard E. Barr

---

REPRESENTATION OF PARTIES

For Claimant: Michael B. White, Esq., Overland Park, Kansas.

For Respondents: J. Michael Vaughan, Esq., of Weisenfels &amp; Vaughan, Kansas City, Missouri.

CASE INFORMATION

Statement of Claim filed on or about: November 5, 1992.

Claimant's Submission Agreement signed: October 28, 1992.

Joint Statement of Answer filed by Respondents on or about:  
January 18, 1993.Respondent Rodman & Renshaw, Inc.'s Submission Agreement signed on:  
January 15, 1993.Respondent Bernard E. Barr's Submission Agreement signed on:  
January 14, 1993.HEARING INFORMATION

Hearing dates: August 31, 1993, two (2) sessions, September 1, 2, and 3, 1993, two (2) sessions each, and September 18, 1993, one (1) session, for a total of nine (9) sessions.

Hearing Location: Kansas City, Missouri.

CASE SUMMARY

Claimant, Linda Armstrong ("Claimant") alleged: Breach of contract; breach of fiduciary duty; and fraud by Respondents Rodman & Renshaw, Inc. and Bernard E. Barr ("Respondents"). The allegations are based on alleged: Unauthorized trades, excessive trades, unsuitable investments; and gross negligence and reckless misconduct of the Respondents in handling Claimant's IRA account. The allegations arose out of transactions in L.A. Gear, Hilton Hotels, Syntex corporation, and Continental Corporation stock, amongst others more fully set forth during the hearing of this matter.

Respondents, unless specifically admitted in their joint Answer, denied the facts alleged by the Claimant, and denied that either of the Respondents were liable for the allegations and claims made by the Claimant in her Statement of Claim. Specifically, Respondents denied that the investments in Claimant's accounts were unauthorized, denied that the investments were contrary to her expressed objectives and requirements, and denied that the distributions from and the transfers in and out of the IRA account were the result of a tax theory generated by Respondents, but were in fact, transactions requested, and approved, in writing, by the Claimant. In addition, Respondents asserted that the Claimant's claims were barred by the applicable statute of limitations, and barred by the doctrines of waiver and estoppel.

RELIEF REQUESTED

Claimant requested that the panel award in her favor, and against Respondents jointly and severally, actual damages in the sum of \$173,200.00, punitive damages in the sum of \$250,000.00, and her costs and attorneys' fees in pursuing this action.

Respondent requested that the panel deny Claimant's requested Award. Further, Respondents requested that they be awarded their costs in defending this action and that costs be assessed against the Claimant. To the extent that the panel found Claimant's assertions to be frivolous, Respondents requested an appropriate award of attorneys' fees and costs.

OTHER ISSUES CONSIDERED & DECIDED

On September 16, 1993, Respondents filed a Motion to Dismiss Claimant's claims relating to losses from State and Federal Income Taxes and Penalties. After reviewing the trial briefs of the parties, and hearing argument, the arbitrators took the motion under advisement to be ruled on in their final determination of the

issues in this matter.

The parties have agreed that the Award in this matter may be executed by 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 arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant, Linda Armstrong's claims made against Bernard E. Barr are hereby denied and dismissed with prejudice.
2. Respondent, Rodman & Renshaw, Inc. is liable for, and shall pay to the Claimant, Linda Armstrong the sum of \$55,000.00 as satisfaction of all of her claims made in this arbitration.
3. Claimant, Linda Armstrong's request for an Award of punitive damages is hereby denied and dismissed with prejudice.
4. Respondents' Motion to Dismiss Claimant's claims relating to losses from State and Federal Income Taxes and Penalties is hereby granted.

#### OTHER COSTS

Each party shall pay its own costs and expenses associated with this arbitration, including attorneys' fees except as set forth more fully below.

#### FORUM FEES

Pursuant to Section 43(c) of the NASD Code of Arbitration Procedure (the "Code"), the following forum fees are assessed:

9 hearing sessions x \$750.00 = \$6,750.00

Pursuant to Section 43(c) of the Code, the NASD shall retain the nonrefundable filing fee in the amount of \$200.00, and shall refund the hearing session deposit in the amount of \$750.00 previously paid to the NASD by the Claimant.

Pursuant to Sections 30(b) and 43(c) of the Code, the NASD shall retain the postponement fee in the amount of \$750.00 previously

NASD ARBITRATION NO. 92-03785  
AWARD PAGE 4 OF 4

paid by the Respondents.

Additional forum fees in the amount of \$6,750.00 are assessed against Respondent Rodman & Renshaw, Inc.

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

**CONCURRING ARBITRATORS**

Dated:

Name:

October 19, 1993

/s/Julian M. Levitt  
Julian M. Levitt  
Presiding Chair  
Public Arbitrator

October 19, 1994

/s/Richard D. Sewell  
Richard D. Sewell  
Public Arbitrator

October 19, 1993

/s/M. Douglas Mays  
M. Douglas Mays  
Industry Arbitrator

Date of Service by the NASD: \_\_\_\_\_