

N.A.S.D. AWARD

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**NATIONAL ASSOCIATION OF SECURITIES DEALERS**

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In the Matter of the Arbitration Between

Name of Claimant

Jeff Goldstein

Case No. 93-01645

Name of Respondents

Stratton Oakmont, Inc.  
Jordan Belfort  
Steven Cohen

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**REPRESENTATION**

For Claimant Jeff Goldstein: Dyanne E. Feinberg, Esq. of Gilbride, Heller & Brown, P.A., Miami, FL.

For Respondents Stratton Oakmont, Inc., Jordan Belfort, and Steven Cohen: Ronald Shindler, Esq. of Fowler, White, Burnett, Hurley, Banick, Strickroot, P.A., Miami, FL., Norman Arnoff, Esq. of Capuder & Arnoff, P.A., New York, NY., Franklin D. Ormsten, Esq. of Ormsten & Evangelist, P.A., Jericho, NY.

**CASE INFORMATION**

Statement of Claim filed: April 20, 1993.

Claimant's Submission Agreement signed on: April 19, 1993.

Joint Statement of Answer filed by Joint Respondents, Stratton Oakmont Inc. ("Stratton"), Jordan Belfort ("Belfort"), and Steven Cohen ("Cohen") on: August 16, 1993.

Respondent, Stratton Oakmont, Inc.'s Submission Agreement signed on: April 30, 1993.

### **HEARING INFORMATION**

On July 27, 1994 in Fort Lauderdale, Florida a Pre-Hearing Conference lasting 2 sessions was conducted.

On October 5, October 6, October 7, December 6, December 7, December 8, December 12, and December 15, 1994; Hearings conducted for a total of 15 sessions.

### **CASE SUMMARY**

The Claimant, Jeff Goldstein ("Goldstein") alleged that the Respondents violated Section 517.301 of the Florida Statutes and is entitled to relief afforded by Sections 517.211 (4) and (6) of the Florida Statutes. The Claimant also alleged that the Respondent committed Common Law Fraud when it recommended the purchase of stock in Ventura Entertainment Group and the other stocks purchased by Goldstein were unsuitable investments for Goldstein in light of his investment needs and objectives. The Claimant also alleged that the Respondent committed: Gross Negligence, Negligence, Breach of Fiduciary Duty, violation of Florida Racketeer and Influenced Corrupt Organization Act, and Negligent Supervision.

Stratton, Belfort, and Cohen filed a Joint Statement of Answer. The Respondents denied all allegations of wrongdoing. The Respondents further contended that the Claimant failed to prove the claim asserted. The Respondents asserted the following affirmative defenses: failure to state a claim, failure to mitigate, ratification, failure to exercise reasonable diligence, assumption of the risk of investing, and lack of proximate cause.

### **RELIEF REQUESTED**

Claimant requested:

Count I: Violation of Florida Statutes Section 517.301 for compensatory damages in excess of \$200,000.00, prejudgment interest, court costs and a reasonable attorneys' fee.

Count II: Common Law Fraud for compensatory damages in excess of \$200,000.00, punitive damages in excess of \$500,000.00, prejudgment interest and the cost of this action.

Count III: Gross Negligence for compensatory damages in excess of \$200,000.00, punitive damages in excess of \$500,000.00, prejudgment interest and the cost of this action.

Count IV: Negligence for compensatory damages in excess of \$200,000.00, prejudgment interest and the cost of this action.

Count V: Breach of Fiduciary Duty for compensatory damages in excess of \$200,000.00, punitive damages in excess of \$500,000.00, prejudgment interest and the cost of this action.

Count VI: Florida RICO for treble compensatory damages in excess of \$800,000.00, prejudgment interest and the cost of this action.

Count VII: Negligent Supervision for compensatory damages in excess of \$200,000.00, punitive damages in excess of \$500,000.00, prejudgment interest and the cost of this action.

Respondents Cohen, Stratton, and Belfort requested an award be entered in favor of the Respondents dismissing the Statement of Claim in its entirety, and awarding Respondents their reasonable expenses in defending this action, including costs and attorneys fees, and assessing the arbitration forum fees against the Claimant.

#### **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.

#### **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:

Respondents, Stratton Oakmont, Inc., Jordan Belfort, and Steven Cohen are found not liable and, therefore, all claims against them are hereby dismissed.

The Respondents request for their reasonable expenses in defending this action including costs and attorneys fees and assessing the arbitration forum fees against the claimant is denied.

#### **OTHER COSTS**

Other than as provided below, the parties should each bear all other costs and expenses incurred by them in connection with this proceeding.

**FORUM FEES**

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the Panel has assessed forum fees in the amount of \$15,600 (2 pre-hearing conferences x \$300 plus 15 hearing sessions x \$1,000.00).

Claimant is hereby assessed \$3,900 for which the NASD shall retain the \$1,000 previously deposited in partial satisfaction thereof leaving a balance due to the NASD of \$2,900 payable to the National Association of Securities Dealers, Inc.

Respondent Stratton Oakmont, Inc. is hereby assessed \$3,900.00 payable directly to the National Association of Securities Dealers, Inc.

Respondent Jordan Belfort is hereby assessed \$3,900.00 payable directly to the National Association of Securities Dealers, Inc.

Respondent Steven Cohen is hereby assessed \$3,900.00 payable directly to the National Association of Securities Dealers, Inc.

The NASD shall retain the non-refundable filing fee of \$250 paid by the Claimant.

**Concurring Arbitrators' Signatures**

Name	Public/Industry
<u>                    /s/                    </u> John J. Hearn, Esq.	Public
<u>                    /s/                    </u> Michael Dean	Industry
<u>                    /s/                    </u> Sherman R. Kaplan, M.D.	Public

Date of Decision: February 1, 1995