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**NATIONAL ASSOCIATION OF SECURITIES DEALERS
AWARD**

In the matter of the Arbitration Between

Stephen M. Meadows and Allen R. Crawford,

Claimants,

v.

NASD No. 93-02005

Kidder Peabody & Co., Inc.

Respondent.

Representation

For Claimant: Bruce Safran, Esq., Sherman Oaks, California

For Respondent: William Phelps, Esq. of Kidder Peabody & Co., Los Angeles, California

Case Information

Statement of Claim filed: June 23, 1993

Claimant's Submission Agreement signed: April 21, 1993

Statement of Answer filed on: August 20, 1993

Respondent's Submission Agreement signed on: August 23, 1993

Hearing Information

Prehearing Conference Date(s)/Sessions: March 23, 1995/one

Hearing Date/Sessions: April 25, 1995/two, April 26, 1995/three

Hearing Location: Los Angeles, California

Case Summary

Claimant alleged violation of Sections 10(B) and 20 of the Securities Exchange Act of 1934 and rule 10B-5 of the Securities and Exchange Commission, fraud, deceit and omission of material fact, lack of suitability, intentional and negligent misrepresentation, breaches of fiduciary duty, the implied covenant of good faith and fair dealing and of a written contract, violations of National Association of Securities Dealers and New York Stock Exchange rules in the purchases and sales of Greenwich Pharmaceuticals (GP).

Claimant Stephen Meadows (Meadows) alleged he was 39 years old, married, with a two year old child. He was a Certified Public Accountant and had no training in stock market investing. His investment goal was reasonable return with minimum risk. Meadows' annual salary was \$90,000. Respondent Allen Carpenter (Carpenter) encouraged Meadows to buy GP on margin, knowing he did not have the resources to cover the kind of margin calls he experienced in May 1992. Carpenter represented to Meadows he had constant personal contact with all important personnel of GP, attended the stockholder's meetings and spent time with important officers of the company.

Claimant Allen Crawford (Crawford) alleged he was 39 years old, married, with no children, earning \$90,000 annually. He had limited investment experience and purchased GP on Carpenter's recommendation. Crawford borrowed funds from his home equity line of credit to purchase 1,500 shares of GP and eventually owned over 10,000 shares. Carpenter told Crawford that he knew officers of GP, the company was filing for a new drug application and European distribution and was working on a revolutionary technological breakthrough. Crawford eventually had to borrow funds to meet margin calls on the investment. A final margin call left Crawford \$150,000 in debt to his credit card companies, his employer, mother, brother and friends. Crawford is nearing personal bankruptcy as a result.

Respondent denied all allegations of wrongdoing and alleged that Meadows' account was serviced by both Carpenter and Paul Wishingrad, and the latter is not mentioned in the Claim. Meadows sought out Kidder Peabody & Co. (KPC), Carpenter and Wishingrad, and was never solicited. On his options application, Meadows gave his objective as "speculating." In 1987 he stated he had been an investor for 10 years, with two years experience with a margin account. He indicated he was single, with no dependents, an annual income of \$65,000, liquid assets of \$100,000 and a net worth of \$200,000. When his account was transferred to KPC it carried a margin debit in excess of \$17,000. Approximately 70% of his account was invested in Ribl Immunochem Research, a volatile biotechnology stock.

Respondent further alleged that Meadows began accumulating a sizable position in GP. Carpenter never recommended GP to Meadows. Virtually all of his transactions in GP were unsolicited, as reflected by the confirmations. Meadows advised Respondent in writing that his overall intent was to get 10,000 shares at a reasonably low price.

Respondent further alleged that Crawford's profile as an investor was similar to

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Meadows. His objectives were speculating, trading and growth. He indicated 12 years of experience trading options and with a margin account. He had a net worth of \$300,000 and liquid assets of \$140,000. As with Meadows, virtually all of Crawford's transactions were unsolicited and he sought to accumulate a large position in GP. Crawford even maintained a computer program in his office that could calculate his margin position at any time, and informed Carpenter of that fact.

Relief Requested

Claimant requested:

1. \$100,000, which represents Meadows' losses in his account, plus appreciation and margin interest;
2. Punitive damages for Meadows (\$100,000 trebled);
3. \$153,000, which represents Crawford's losses in his account, plus appreciation and margin interest;
4. Punitive damages for Crawford (\$153,000 trebled);
5. Damages for emotional and mental distress;
6. Attorney's fees, interest, costs and disbursements;
7. Such further relief as deemed appropriate.

Other Issues Considered and 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:

1. Each and every claim against Respondent is dismissed;
2. The claims for punitive damages are dismissed;
3. The parties shall each bear their respective attorney's fees;
4. The parties shall each bear their respective costs.

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Other Costs

None.

Forum Fees

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall retain the \$1,000 hearing session deposit previously paid by the claimant. Forum fees are assessed against Claimants, jointly and severally for \$2,650 and Respondent for \$2,650, calculated as follows:


One prehearing session @ \$300/session	=	\$ 300
Five hearing sessions @ \$1,000/session	=	\$5,000
Total forum fees assessed	=	\$5,300
Claimants' assessment	=	\$2,650
Claimants' balance due (\$1,000 paid and retained)	=	\$1,650
Respondent's assessment and balance due	=	\$2,650

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

Arbitration Panel

Name	Public/Industry
Daniel Donahue	Public
David Menaker	Public
Luis Ruiz	Industry

Concurring Arbitrators' Signatures


Daniel Donahue

David Menaker

Luis Ruiz

Served 6/13/95

Date of Decision: .

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Other Costs

None.

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