

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimants

Robert K. & Clare L. Neuman

95-00513

Name of Respondents

Dean Witter Reynolds, Inc.  
Lee J. Sonko

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on January 31, 1995, Claimants, Robert K. Neuman and Clare L. Neuman, who appeared Pro Se, alleged that on or about January 11, 1990, Respondent Lee J. Sonko ("Sonko"), a broker employed by Respondent Dean Witter Reynolds, Inc. ("Dean Witter"), solicited the purchase of \$10,000 principal amount of a Continental Airlines Equipment Trust Certificate. Claimants further alleged that Sonko misrepresented the risk associated with this investment, failed to provide them with a prospectus, and that the investment was unsuitable for Claimants given their conservative investment objectives and lack of sophistication. Additionally, Claimants alleged that Respondent Dean Witter failed to properly supervise Sonko. As a result of the above, Claimants alleged that they have suffered damages for which Respondents should be held liable.

Respondents, Dean Witter Reynolds, Inc. and Lee J. Sonko, through their in-house counsel Edward Larkin, Esq., New York, New York, maintained that Sonko fully disclosed the risks of the investment, that the investment was suitable for Claimants, and that outside unforeseeable events caused Claimants' loss. Respondents further maintained that Claimants were knowledgeable about fixed income investments, that Claimants had invested nearly \$200,000 in fixed income investments over the past five years, and that Claimants were willing to take risk with a small portion of their capital to increase their yield. Respondent Dean Witter asserted that it had in place reasonable supervisory procedures that it reasonably and diligently implemented and followed. As a result of the above, Respondents contended that they should not be held liable in this matter.

### **RELIEF REQUESTED**

Claimants, Robert K. Neuman and Clare L. Neuman, requested \$9,543.00 in actual damages.

Respondents, Dean Witter Reynolds, Inc. and Lee J. Sonko, requested that the Statement of Claim be denied and that they be awarded their costs and attorney's fees, as well as such other relief deemed just and proper.

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

Respondents, Dean Witter Reynolds, Inc. and Lee J. Sonko, did not file with the NASD a properly executed submission to arbitration but are required to submit to arbitration pursuant to Section 12 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, are bound by the determination of the arbitrator on all issues submitted.

### **AWARD**

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single public Arbitrator, Michael G. Shannon, Esq., was selected to review and determine the matter in controversy between the parties set forth in a submission to Arbitration signed by the Claimants on January 26, 1995.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The Statement of Claim filed by Claimants, Robert K. Neuman and Clare L. Neuman, is denied and dismissed in its entirety.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. ("NASD") by the Claimant shall be retained by the NASD, Inc. Respondent Dean Witter Reynolds, Inc. shall be liable for and shall pay to Claimants, Robert K. Neuman and Clare L. Neuman, \$150.00 as reimbursement of the filing fee.

**AFFIRMATION**

I, **MICHAEL G. SHANNON, ESQ.**, do hereby affirm upon my oath of arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

Michael G. Shannon

Signature of Arbitrator

DATE OF DECISION:

July 7, 1995