

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Robert F. Lasher,

Claimant,

95-03206

-against-

Name of Respondent(s)

Reich & Co., a Division of Fahnestock & Co., Inc., and
Reich & Co., Inc.

Respondents.

REPRESENTATION

For Claimant Robert F. Lasher appeared Timothy J. O'Connor, Esq. of the law firm of Ainsworth, Sullivan, Tracy, Knauf, Warner & Ruslander, P.C., located in Albany, New York.

For Respondents Reich & Co., Division of Fahnestock & Co., Inc., and Reich & Co., Inc., appeared Eric J. Shames, Esq., of the office of the General Counsel, Fahnestock & Co, Inc., located in New York, NY.

CASE INFORMATION

The Statement of Claim was filed on May 9, 1995.

Claimant's Submission Agreement was signed on March 14, 1995

Claimant's Amended Statement of Claim was filed on October 3, 1995.

Claimant's Response to Respondents' Motion to Dismiss was filed on November 14, 1995.

Claimant's Discovery Demand was dated January 12, 1996.

Claimant's Motion to Compel Discovery was filed on July 3, 1996.

Claimant's Request for Subpoena was filed on July 3, 1996.

A Statement of Answer and Motion to Dismiss was filed on November 2, 1995.

HEARING INFORMATION

Pre-Hearing Conference:	July 18, 1996	-	1 Session
	March 11, 1997	-	1 Session
Hearing Dates/Sessions:	May 21, 1997	-	2 Sessions
	May 22, 1997	-	2 Sessions
	June 26, 1997	-	2 Sessions

At the pre-hearing conference on March 11, 1997, the action against Reich & Co., a Division of Fahnestock & Co., Inc., was dismissed without prejudice.

The hearing was held at the Marriott Hotel, 189 Wolf Road, Albany, NY.

CASE SUMMARY

Claimant alleges that Respondent Reich & Co., Inc., made numerous unauthorized trades in his accounts; there was fraud and misrepresentations related to the purchase and sale of securities in the accounts; the accounts were excessively traded by the respondents and their broker, Robert Solt, resulting in losses and excess commissions charged to the Claimant and that there was the purchase of concentrated equity positions in Newbridge Networks Corp. The Respondents, directly and through their agent, Robert Solt, stood to gain from placing these stocks in Mr. Lasher's account. Mr. Lasher never received written disclosure of these transactions which were risky and unsuitable for the Claimant, a retired AT&T employee with no significant prior experience in the securities markets. In addition to unauthorized trading in speculative, unsuitable penny stocks, the respondents conducted excessive trading solely to generate commission income; over 75% of the stocks traded were sold out of the Claimant's account within less than 180 days of their purchase.

Respondents claimed that Claimant's theories of alleged churning, unsuitability, unauthorized trading, breach of fiduciary duty and breach of contract, negligence, and racketeering in violation of RICO, could not be substantiated. Respondents asserted that Claimant failed to plead the circumstances of these theories with particularity and that, in an attempt to recoup his losses, Claimant was attempting to shift the blame onto Respondents. Respondents refuted Claimant's characterization of Mr. Lasher as a "novice" investor by pointing out that Claimant had been investing for over 40 years and had been purchasing and selling options for the last 10 years. Respondents requested a ruling that the Statement of Claim be dismissed in its entirety for failure to state a claim upon which relief can be granted. After Respondents pointed out Claimant's references to another arbitration, Claimant subsequently filed an Amended Statement of Claim.

RELIEF REQUESTED

Claimant requested the sum of \$59,868.00, being the amount of total indexed damages sustained in the account, NASD filing fees and administrative fees, punitive damages in the amount of \$100,000, pre- and post-judgment interest, attorney's fees, and any other and further damages and costs which the Arbitration Panel deems just and appropriate under the circumstances. Claimant also seeks treble damages in the amount of \$119,736.00 (RICO), and the return of all commissions paid to Respondents.

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. Respondent Reich & Co., Inc. is hereby liable and shall pay to Claimant Robert F. Lasher compensatory damages in the amount of \$15,000, and \$3,750 in interest.
2. Each party shall bear their respective costs including attorney's fees.
3. All other claims are denied.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$150.00 non-refundable filing fee previously deposited by the Claimants and shall retain the \$500.00 non-refundable filing fee previously deposited by Respondent. The remaining forum fees are assessed against the Respondent.

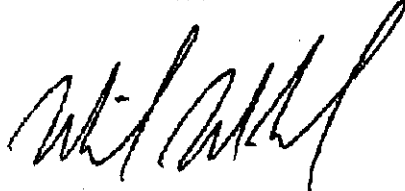
2 Pre-hearing session X \$300.00	=	\$ 600.00
6 Hearing sessions X \$600.00	=	\$3,600.00
TOTAL	=	\$4,200.00

Respondents are hereby liable and shall pay to the NASD Regulation, Inc., the sum of \$4,200, the total amount of forum fees assessed.

Fees are payable to the NASD Regulation, Inc.

ARBITRATOR'S SIGNATURE

I, Michael J. McNeil, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.



Michael J. McNeil, Esq.
Public Chairperson

I, Prescott C. Sook, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

Prescott C. Sook, Esq.
Public Panelist

I, Robina Fedora Asti, do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

Robina Fedora Asti
Industry Panelist

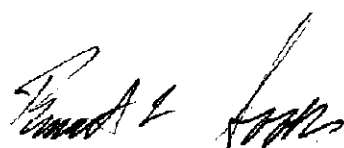
Date of Decision: July , 1997

ARBITRATOR'S SIGNATURE

I, Michael J. McNeil, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.

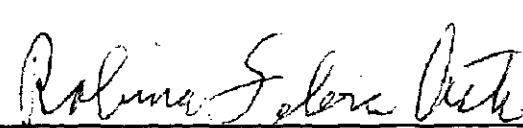
Michael J. McNeil, Esq.
Public Chairperson

I, Prescott C. Sook, Esq., do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.



Prescott C. Sook, Esq.
Public Panelist

I, Robina Fedora Asti, do hereby affirm pursuant to Article 7507 of the Civil Practice Law and Rules that this is my decision in the above referenced matter.



Robina Fedora Asti
Industry Panelist

Date of Decision: SEPTEMBER 11, 1997