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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

© National Association of
Securities Dealer, Inc.

Name of Claimant

— 1996

Aaron Franzblau

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95-04150

Name of Respondents

Alex Brown & Sons Incorporated
Jeremy Foy

REPRESENTATION

For Claimant: Barbara L. Wolf, P.A., Fort Lauderdale, FL and Arnold Y. Steinberg of Investors' Rights, Inc., Boca Raton, FL

For Respondents: Rebecca S. Beall, Esq., in-house counsel at Alex Brown & Sons, Inc.

CASE INFORMATION

Statement of Claim filed: August 30, 1995

Amended Statement of Claim filed: January 24, 1996

Amendment to Amended Statement of Claim filed: February 14, 1996

Claimant's Submission Agreement signed on: September 11, 1995

Joint Statement of Answer filed by Respondents on: November 9, 1995

Respondents' Response to Claimant's Amendment to the Amended Statement of Claim filed on: February 29, 1996

Respondents' Submission Agreements signed on: November 7, 1995

HEARING INFORMATION

Three hearing sessions were conducted on July 22 and 23, 1996 in Fort Lauderdale, Florida.

CASE SUMMARY

Claimant alleged that Respondent Foy (1) made an unauthorized purchase of '3000 shares of Weitek stock, for which stock Respondent Alex Brown was a market maker and which stock was strongly recommended by their analyst; (2) failed to honor a sell order given by Claimant for 6,000 shares of Weitek; (3) guaranteed the losses on the 6,000 shares of Weitek stock as a result of Foy's failing to sell said stock when ordered to do so by Claimant; and, (4) overcharged a commission to Claimant in violation of a five percent per share commission agreement. Claimant further alleged violations of negligence, gross negligence, common law fraud, respondeat superior, breach of contract, violations of NASD and NYSE rules, breach of fiduciary duty, and failure to supervise. Claimant stated that he totally relied on Foy's continuing recommendation of Weitek and on Foy's guarantee of losses on the 6,000 shares of Weitek, which caused him to suffer damages.

Respondents maintained that the Claimant authorized all transactions in his Alex Brown accounts, including the Weitek Corp. purchases made in his personal account in April and May, 1991 which were the subject of this arbitration. Respondents further maintained that at no time did they offer or agree to guarantee the Claimant against loss in connection with those Weitek Corp. purchases nor did any of the Respondents offer or agree to accept responsibility for any losses that Claimant might suffer. Respondents further maintained that when Claimant on several occasions did order portions of his Weitek Corp. stock to be sold, those orders were always honored. Respondents also denied that the Claimant relied solely on their advice regarding Weitek Corp. as evidenced by Claimant's purchase of that stock in an account he held at a different firm. Respondents also denied that Claimant was entitled to a commission discount in connection with his sale of Public Service Enterprise Group stock in June, 1992 and the commission charged in connection with that transaction was fair and reasonable. Respondents next maintained that the Claimant has concocted these allegations in an effort to relieve himself of the consequences of his own decisions and they are false and are denied in all material respects by the Respondents.

RELIEF REQUEST

Claimant requested compensatory damages in the sum of approximately \$56,060.00 and consequential damages of \$16,800.00, pre-judgment interest at the legal rate (12%) on the compensatory damages, reasonable attorneys' fees, costs incurred in the pursuit of this action, and such other relief as the arbitrators deem appropriate in these circumstances.

Respondents requested a dismissal of all claims against them, allowable costs incurred in defending this action and such further relief as may be appropriate, including punitive damages 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 original(s) remain on file with the NASD.

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AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All of the Claimant's chums against both Respondents be and hereby are denied in their entirety.
2. The Claimant is found liable for the attorney fees of the Respondents. The amount of such fees shall be determined by a court of competent jurisdiction.
3. The Respondents' request for punitive damages is denied.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the panel has assessed forum fees in the amount of **\$1,500.00** (three hearing sessions X \$500.00).

1. Claimant is hereby assessed **\$1,500.00**. Claimant previously paid \$500.00 and owes a balance of \$1000.00.

2. The NASD shall retain the \$150.00 non-refundable filing fee previously deposited by the claimant.

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

Concurring Arbitrators' Signatures

Name

Public/Industry

/s/

Public

Seth L. Finkel, Esq.

/s/

Industry

Bruce M. Alster

/s/

Public

Arnold Sarrow

September 30, 1996

Date of Decision: