

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration BetweenName of Claimant

Ronald Steve Blum

96-04466

Name of RespondentsA.S. Goldmen & Company, Inc.
Thomas Mahan

CASE SUMMARY

In a case filed with National Association of Securities Dealers Regulation, Inc. on October 7, 1996, claimant Ronald Blum ("claimant"), who appeared Pro Se, alleged that respondents A.S. Goldman & Company, Inc. ("A.S. Goldman") and Thomas Mahan ("Mahan") stopped making a market in the security they sold to him on March 21, 1996. Claimant further alleged that the purchase was for 500 shares of Sports Media, Inc. ("SPTS") at \$3.81. Claimant asserted that soon after the trade was done the stock plummeted in value. Claimant further asserted that Mahan was out sick for several weeks thereafter, and had to transfer his account to another broker dealer. Claimant also asserted that he called the compliance officer of A.S. Goldman, who said that they no longer made a market in SPTS. Claimant contended that A.S. Goldman were the original underwriters of the deal. Claimant further contended that he requested and received no quarterly financial statements, press releases, news reports, and other information available to an investor that should have been received by the broker dealer.

Respondents Mahan and A.S. Goldman (collectively referred to as "respondents") through their representative and counsel Carole Bernstein, a sole practitioner, located in Norwalk, Connecticut, maintained that in or around July 1994, in connection with opening his account, claimant stated that he was in the business of accounting, had a net worth of \$100,000.00 and that he was interested in income, growth and speculative stocks. Respondents further maintained that claimant is in no way an unsophisticated investor. Respondents also maintained that the tale woven by claimant in his statement of claim is so replete with inconsistencies and outright lies as to render a coherent response nearly impossible. Respondents contended that what is apparent to anyone reading the statement of claim is that claimant authorized all of the transactions in his account, including the purchase of 500 of Sports Media ("SPTS").

Respondents further contended that claimant authorized the purchase of 500 SPTS on March 21, 1996 at \$3.81 per share, not on April 1996 at \$3.70 per share. Respondents also contended that claimant was not purchasing SPTS in the initial public offering, no prospectus was sent to him, nor at any time did claimant ever request any of the information. Respondents maintained that claimant never wrote any letter of complaint to them stating that he had made a verbal request but was ignored. Respondents

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further maintained that claimant blatantly misrepresented that soon after the trade was done the stock plummeted in value. Respondents also maintained that after March 21, 1996, the stock for several weeks thereafter, hovered between \$3.50 and \$3.875.

Respondents contended that Mahan contracted Lyme disease, took a leave of absence from his position at A.S. Goldman. Respondents further contended that none of Mahan's clients were left without representation as claimant would have the arbitrator believe. Respondents also contended that claimant was serviced by Mahan's supervisors Steve Kaplan ("Kaplan") and Michael Cilmi ("Cilmi"). Respondents maintained that the stock never declined to \$.25. Respondents further maintained that they disclosed to all of its clients who purchased SPTS, that A.S. Goldman made a market in SPTS from the date such stock went public through July 1996. Respondents also maintained that while A.S. Goldman ceased to be a market-maker in SPTS beyond July 1996, such fact does not prohibit it from executing a customer's order to sell such stock, which undoubtedly and indisputably never occurred in the case at bar. Respondents contended that claimant commenced this proceeding because he lost money on the SPTS trade and seeks insurance for this trade in a belated attempt to blame his broker and his employer.

RELIEF REQUESTED

Claimant Ronald Blum requested \$1,755.00 in damages.

Respondents A.S. Goldman and Mahan requested that the claims of claimant be dismissed in their entirety, plus costs incurred in the defense of this proceeding.

OTHER ISSUES CONSIDERED & DECIDED

The arbitrator reviewed and considered respondents A.S. Goldman and Mahan's Motion to dismiss. The motion was denied.

AWARD

Pursuant to Rule 10302 of the Code of the Arbitration Procedure, a single Public Arbitrator, Fred Pieroni, was selected to review the matter in controversy between the parties set forth in Submission to Arbitration signed by claimant Ronald Blum on October 3, 1996 and by respondent A.S. Goldman on February 18, 1997. Respondent Thomas Mahan did not execute a Submission Agreement as required by Rule 10301 and 10302 of the Code of Arbitration Procedure.

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

1. The claims of Ronald Blum against A.S. Goldman and Thomas Mahan are dismissed in their entirety.
2. All other relief requests are denied.
3. The \$50.00 filing fee previously deposited by claimant, shall be retained by NASD Regulation, Inc.

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AFFIRMATION

I, **Fred Pieroni**, do hereby affirm upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.

Fred S. Pieroni

Fred S. Pieroni

Date of Decision: April 30, 1997