

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between:

Manuel D. Leno Revocable Trust, Claimant vs. Prentice Securities, Inc., and
Louis Kornman, Respondents.

Case Number: 99-02727

Hearing Site: Milwaukee, Wisconsin

REPRESENTATION OF PARTIES

Claimant, Manuel D. Leno Revocable Trust ("Leno"), hereinafter referred to as "Claimant", was represented by Sean Lanphier, Esq., Michael Best & Friedrich, LLP, Milwaukee, Wisconsin.

Respondents, Prentice Securities, Inc. ("Prentice"), and Louis Kornman ("Kornman"), hereinafter collectively referred to as "Respondents", were represented by David J. Hase, Esq., Cook & Franke, S.C., Milwaukee, Wisconsin.

CASE INFORMATION

Statement of Claim filed on or about: June 15, 1999

Manuel D. Leno, for Claimant, signed, but did not date, the Uniform Submission Agreement.

Joint Statement of Answer filed by Respondents on or about: September 13, 1999

Respondent, Louis Kornman, on his own behalf and as Senior Vice President of Respondent, Prentice Securities, Inc., signed the Uniform Submission Agreement: September 13, 1999

CASE SUMMARY

Claimant asserted the following causes of action: violation of Wisconsin Statute 551.41; violation of NASD Conduct Rules, Section 2310; negligent supervision, in violation of Wisconsin common law and NASD Conduct Rules, Section 3000; unsuitability; and breach of written contract. The causes of action relate to transactions involving Boston Chicken bonds, Geneva Steel notes, and Stuart Entertainment Notes.

Unless specifically admitted in their Joint Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses:

that the NASD Conduct Rules do not afford a private cause of action; assumption of the risk; waiver; estoppel; laches; and failure to mitigate.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$123,211.52
Attorneys' Fees	\$unspecified
Interest at the rate of 5%	

Respondents requested that the claims be denied in their entirety, and that Claimant be required to pay all forum fees and costs.

OTHER ISSUES CONSIDERED AND DECIDED

The Panel requested that the parties supply post-hearing submissions regarding damages and attorneys' fees. The parties complied with this request, though not fully with regard to damages. The Panel determined that the damages not addressed were unproved and would be forfeited. Claimant submitted additional materials, which the Panel had previously informed the parties would not be accepted. These materials were not, therefore, considered by the Panel.

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.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

The Panel finds in favor of the Claimant and awards \$45,168.80 in compensatory damages to Claimant, for which Respondents, Prentice Securities, Inc., and Louis Kornman, are jointly and severally liable.

Additionally, the Panel awards \$35,309.12 in compensatory damages to Claimant, for which Respondent, Prentice Securities, Inc., is solely liable.

Finally, the Panel awards \$20,751.84 in attorney's fees to Claimant, for which Respondent, Prentice Securities, Inc., is solely liable.

Any and all relief not specifically addressed herein, including punitive [treble] damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$300

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings. In this matter, the member firm is Prentice Securities, Inc.

Member surcharge = \$1,500

Pre-hearing process fee = \$ 600

Hearing process fee = \$2,500

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing sessions with Panel x \$1,125	= \$1,125
Pre-hearing conferences: January 25, 2000	1 session

Four (4) Hearing sessions x \$1,125	= \$4,500
Hearing Dates: May 16, 2000	2 sessions
May 17, 2000	2 sessions

Total Forum Fees	= \$5,625
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The Panel has assessed 100% of the forum fees to Prentice Securities, Inc. Claimant will receive a refund of the \$1,125 Hearing Session Deposit paid to the NASD.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 300
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Forum Fees	= \$(1,125)
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Total Fees	= \$ 300
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Less payments	= \$ 1,425
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Balance Due NASD Regulation, Inc.	= \$(1,125)
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NASD Regulation, Inc., will refund this \$1,125 to Claimant.

2. Respondent, Prentice Securities, Inc., be and hereby is solely liable for:

Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
Pre-Hearing Processing Fees	= \$ 600
Forum Fees	= \$ 5,625
Total Fees	= \$10,225
Less payments	= \$ 4,600
Balance Due NASD Regulation, Inc.	= \$ 5,625

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature(s)

David G. Kingstad, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John H. Lungren, Esq.
Public Arbitrator

Signature Date

William Richard Smith
William Richard Smith
Industry Arbitrator

July 6, 2000
Signature Date

Date of Service (For NASD office use only)

2. Respondent, Prentice Securities, Inc., be and hereby is solely liable for:	
Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
Pre-Hearing Processing Fees	= \$ 600
Forum Fees	= \$ 5,625
Total Fees	= \$10,225
Less payments	= \$ 4,600
Balance Due NASD Regulation, Inc.	= \$ 5,625

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature(s)


David G. Kingstad, Esq.
Public Arbitrator, Presiding Chair

7/28/2000
Signature Date

John H. Lungren, Esq.
Public Arbitrator

Signature Date

William Richard Smith
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)

2. Respondent, Prentice Securities, Inc., be and hereby is solely liable for:

Member Fees	= \$ 1,500
Hearing Processing Fees	= \$ 2,500
Pre-Hearing Processing Fees	= \$ 600
<u>Forum Fees</u>	<u>= \$ 5,625</u>
<u>Total Fees</u>	<u>= \$10,225</u>
<u>Less payments</u>	<u>= \$ 4,600</u>
Balance Due NASD Regulation, Inc.	= \$ 5,625

All balances are due to NASD Regulation, Inc.

Concurring Arbitrators' Signature(s)

David G. Kingstad, Esq.
Public Arbitrator, Presiding Chair

Signature Date

John H. Lungren
John H. Lungren, Esq.
Public Arbitrator

July 12, 2000
Signature Date

William Richard Smith
Industry Arbitrator

Signature Date

Date of Service (For NASD office use only)