

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Dudley W. Goetz, D.O., P.C.
Defined Benefit Pension Plan
Claimant

and

E.F. Hutton & Co., Inc. and
Theodore O. Burhans
Respondents

A W A R D
88-00854

CASE SUMMARY

In a claim filed on or about March 3, 1988, the Claimant alleged that Respondent Burhans, acting in his capacity as a representative of Respondent E.F. Hutton, advised the Claimant that he could increase the returns and meet his investment objective in his account by engaging in a program of investing in covered options and that the risk of such a program was minimal. The Claimant stated that Burhans failed to properly implement the option trading strategy and failed to inform the Claimant when Burhans terminated his employment with E.F. Hutton which resulted in losses in the account. The Claimant stated that Burhans misrepresented the degree of risk involved in options trading and made unsuitable recommendations. Additionally, the Claimant alleged that Respondent E.F. Hutton failed to adequately supervise Burhans.

Respondent E.F. Hutton stated that all purchases and sales were authorized by the Claimant; that no false or fraudulent statements were made by any of its account executives to Goetz; that Goetz was a wealthy and experienced options investor who was suitable for the transactions made; and that E.F. Hutton's supervision met the requirements of law. They claimed that the losses incurred were the result of market conditions and the Claimant's own investment decisions.

Respondent Burhans stated that the Claimant fully understood the option transactions entered into and that his successor contacted the Claimant within a few days of Burhan's departure from E.F. Hutton.

The Respondent E.F. Hutton asked that the claims be dismissed and for an award of costs and attorneys' fees from the Claimant.

AWARD

The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

- By the Panel**

Date: 1/5/