

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

James C. Alexander

Claimant

and

Dean Witter Reynolds Inc.; Kitty Longino
and Leo Harrison

Respondents

CASE NO. 88-02438

CASE SUMMARY

In a claim filed with the NASD on or about August 1, 1988, Claimant, James C. Alexander ("Alexander") alleged that Respondents, Dean Witter Reynolds Inc. ("Dean Witter"), Kitty Longino ("Longino") and Leo Harrison ("Harrison") made an unauthorized purchase of a Zayre 35 call, failed to purchase an S&P index put option at Alexander's request and mistakenly placed an order to purchase 10 December 250 S&P 500 calls at a price higher than that which Alexander wanted to pay.

Dean Witter, Longino and Harrison, in an answer filed with the NASD on or about September 28, 1988, alleged that Alexander authorized the purchase of the Zayre 35 calls and that this transaction was at his insistence. Dean Witter, Longino and Harrison maintained that Alexander followed his own strategy of purchasing out-of-the-money calls simply because they could be obtained for a lower price and that this was not a strategy that Dean Witter endorsed. With respect to the claim for lost profits on the failure to purchase some unspecified index put options on or about October 14, 1987, Dean Witter, Longino and Harrison alleged there was no such recognized claim within the federal securities laws. As to the alleged error on the December S&P 500 calls, Dean Witter, Longino and Harrison alleged that the loss on this position was absorbed by Dean Witter at no damage to Alexander.

Dean Witter counterclaimed for the \$9,000 loss it absorbed from Alexander's account. Alexander did not reply to the counterclaim.

RELIEF REQUESTED

Alexander requested damages, as a result of the conduct asserted in his statement of claim, totalling \$39,477.50.

Dean Witter, Longino and Harrison requested dismissal of the claim plus an award on the counterclaim in the amount of \$9,000.00 plus interest from October 21, 1987, fees and costs.

AWARD

On Tuesday, May 15, 1990 in Little Rock, Arkansas, during a hearing lasting two (2) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on July 15, 1988 by Claimant James C. Alexander, and on October 4, 1988 by Michael H. Stone on behalf of Respondent Dean Witter Reynolds Inc., on September 30, 1988 by Respondent Leo Harrison, and on September 30, 1988 by Respondent Kitty Longino.

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:

ALEXANDER'S CLAIM

1. All claims asserted by Alexander against Dean Witter, Longino and Harrison shall be and are hereby denied and dismissed in their entirety;

DEAN WITTER'S COUNTERCLAIM

2. The counterclaim asserted against Alexander by Dean Witter shall be and is hereby dismissed in its entirety;

3. The parties shall each bear their respective costs and expenses including any attorney's fees incurred in this matter; and

4. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$400.00 filing fee previously deposited with the NASD by the Claimant James C. Alexander. No additional forum fees are assessed against any party to this proceeding for the second hearing session.

By the Panel

Dated: 5/15/90 /S/ B. Jeffery Pence
Presiding Chair

Dated: 5/15/90 /S/ John Alan Lewis

Dated: 5/15/90 /S/ Don R. Winton