

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between )

STANLEY D. WILLIAMS AND  
JANAE L. SCHAEFFER

Claimants

and

LAIDLAW, ADAMS & PECK, INC.;  
KUHNS BROTHERS & LAIDLAW, INC.;  
INTEGRATED RESOURCES EQUITY CORPORATION;  
PERSHING DIVISION OF DONALDSON, LUFKIN,  
JENRETTE SECURITIES AND MATTHEW KELLY

Respondents )

CASE NO. 88-02834

CASE SUMMARY

In a claim filed with the NASD on September 6, 1988, Claimants, Stanley D. Williams and Janae L. Schaeffer ("Claimants") alleged that Respondents Matthew Kelly ("Kelly") and Laidlaw, Adams & Peck, Inc. ("Laidlaw") made an unauthorized purchase of shares of Seagate Technologies on margin. Claimants further alleged that they were not suitable for margin transactions; that they did not understand margin; and had not been advised of the risks associated with margin transactions. It was also alleged that on August 24, 1987, Claimants executed an account transfer form authorizing the transfer of Claimants account from Laidlaw to Respondent Integrated Resources Equity Corporation ("Integrated") and that Respondent Pershing Division of Donaldson, Lufkin, Jenrette Securities ("Pershing") failed to properly and promptly transfer the account. Claimants further alleged that Kelly, Integrated and Laidlaw failed to provide them with information concerning their accounts which had been requested. Claimants finally allege that Kelly and Integrated failed to close their account in a timely manner.

In its answer filed with the NASD on November 29, 1988, Respondent Laidlaw, denied the allegations of unauthorized and improper transactions. Respondent Laidlaw also asserted a Third Party Claim against Respondent Matthew Kelly ("Kelly").

In its answer filed with the NASD on November 21, 1988, Respondent Integrated denied the allegations against it regarding the delays in transferring the account and providing documentation to claimants.

In its answer and cross claim filed with the NASD on or about December 6, 1989, Respondent Pershing denied the allegations of improper handling of claimants account and asserted a cross claim against Respondent Laidlow.

In his answer filed with the NASD on or about November 8, 1988, Respondent Kelly denied the allegations of unauthorized and improper transactions. Respondent Kelly further stated that he had fully advised claimant of the risks associated with margin transactions and that claimants understood margin transaction.

#### RELIEF REQUESTED

Claimants requested an award in the amount of \$3,882.63, plus interest. Respondent Laidlow requested that the Statement of Claim be dismissed and that Matthew Kelly indemnify Respondent Laidlow for any award rendered against it. Respondent Pershing requested that the Statement of Claim be dismissed and that costs be assessed against Claimants. Respondent Kelly requested that the Statement of Claim be dismissed.

#### PROCEDURAL SUMMARY

Prior to the commencement of the hearing Respondents Integrated and Pershing reached a settlement with Claimants and were thereby dismissed from the proceeding.

#### AWARD

On Thursday, January 11, 1990 in Kansas City, Missouri, 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 August 30, 1988 by Claimants Stanley D. Williams and James L. Schaeffer on November 15, 1988 by Barbara McInerney on behalf of Respondent Pershing Division of Donaldson, Lufkin & Jenrette Securities Corp. and on November 4, 1988 by Respondent Matthew Kelly.

Respondent Kuhns Brothers & Laidlaw, Inc. a successor to Laidlaw Adams & Peck, Inc. did not submit a Uniform Submission Agreement, but did file an Answer in this proceeding. Pursuant to the NASD By-Laws and Section 12(a) of the Code of Arbitration Procedure, Respondent Laidlaw is required to submit this controversy to arbitration and is therefore bound by this 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:

1. Respondents Kuhns Brothers & Laidlaw and Matthew Kelly are jointly and severally liable for and shall pay to Claimants Stanley D. Williams and Janae L. Schaeffer the sum of Three Hundred Fifty Dollars and no cents (\$350.00);

2. The parties shall each bear any other costs and expenses incurred in this proceeding which are not specifically enumerated or addressed herein; and

3. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$100.00 filing fee previously deposited with the NASD by the Claimants Stanley D. Williams and Janae L. Schaeffer.

By the Panel

Dated: 2-10-90 /S/ Bernard D. Craig, Jr. Esq.  
Presiding Chair

Dated: 2-9-90 /S/ Mark D. Wasserstrom, Esq.

Dated: 2-9-90 /S/ Roland Pera

Date Served: 2-21-90