

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Isabel Clark	Claimants	AWARD
vs.		CASE #88-02927
Bear Stearns & Co., Inc.	Respondents	
Morgan, Olmstead, Kennedy & Gardner, Inc.		
Gary W. Hankins		

SUMMARY OF ISSUES

This case was filed on August 8, 1988. Claimant alleges that while Respondent Gary W. Hankins was an employee of Bear, Stearns and Co., Inc. and later of Morgan, Olmstead, Kennedy and Gardner, Inc. he involved the Claimant in option writing programs. Initially, covered calls were used, however, subsequent trades involved more speculative options positions. The Claimant states that Respondent Hankins was fully aware that Claimant's needs and objectives required investments in safe, income producing securities.

As a result of said option writing, the Claimant's account balance fell from approximately \$1.5 million to approximately \$100,000.00, when it was closed by her.

In answer to Claimant, Respondents state that Claimant expressly ordered approved, authorized, participated in and ratified the acts and transactions complained of and is estopped from recovering any sum from Respondents. Further, Claimant was fully aware of all the risks involved and willingly and voluntarily assumed said risks. Therefore, Respondents seek dismissal of the claim in its entirety.

DAMAGES AND RELIEF REQUESTED

Claimant seeks to recover general damages in excess of \$1,000,000.00, interest on said amount, punitive damages, costs and reasonable attorneys fees.

Respondent seek dismissal of the claim in its entirety.

DAMAGES AND RELIEF AWARDED

On January 16, 17, 19, 24, 30 and February 23, 1990 in San Diego, California the undersigned arbitrators heard the controversy in ten sessions between the parties as set forth in submissions to arbitration signed by Claimant Isabel Clark on August 19, 1988 and by Respondents Morgan Olmstead, Kennedy and Gardner, Inc. and Bear Stearns & Co., Inc. and Gary W. Hankins on November 7, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondents Morgan Olmstead Kennedy and Gardner, Inc. and Gary W. Hankins are jointly and severally liable and shall pay to the Claimant Isabel Clark the sum of Three Hundred One Thousand, Two Hundred Sixty Five Dollars and No Cents (\$301,265.00).

2. Claimant's claim for interest is denied.

3. Claimant's claim for punitive damages is denied

4. All claims against Respondent Bear Stearns & Co., Inc. are dismissed.

5. The parties shall each bear their respective costs including attorneys' fees.

6. Pursuant to Section 43 of the National Association of Securities Dealers, Inc ("NASD") Code of Arbitration Procedure:

a. The NASD shall retain the \$1000.00 filing fee previously deposited by the Claimant.

b. Claimant Isabel Clark is assessed and shall pay to the NASD the sum of \$2,750.00 in forum fees.

c. Respondent Morgan Olmstead, Kennedy Gardner and Gary Hankins are assessed and shall pay to the NASD the sum of \$3750.00 in forum fees.

ARBITRATORS CONCURRING

DATE SERVED: 03/19/90

William Newsome

Kenneth Gross

William Brack