

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between :
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Kathleen W. Edgell : AWARD
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 : Claimant : #88-03538
 :
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vs. :
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Carole Haynes :
First Potomac Securities, Corp. :
Swan Securities, Inc. :
Securities Settlement Corp. :
 : Respondents :

Case Summary

This proceeding was commenced by the Claimant Kathleen W. Edgell ("Edgell") against the Respondents Carole Haynes ("Haynes"), First Potomac Securities, Corp. ("First Potomac") and Swan Securities, Inc. ("Swan Securities") arising from certain option transactions in the Claimant's account during the period of June 1987 to November 1988. Edgell alleged that the Respondents failed to properly evaluate her financial situation during the opening of the account, as well as allegations that the Respondents recommended and executed option trades which were unsuitable for the Claimant. Moreover, Edgell alleged that the Respondents did not provide to her certain document information prior to the trades and that the Respondents executed unauthorized trades in her account.

The Respondents Haynes and First Potomac contended that the Claimant was knowledgeable of the option transactions in the account and that the Claimant signed an option agreement and was provided with a prospectus prior to any option trading.

The Respondent Swan Securities denied the above allegations of the Claimant.

Relief Requested

The Claimant requested damages in the amount of \$28,854.94. The Respondents requested a dismissal of the claim.

Award

On July 25, 1989, said date representing three (3) hearing sessions in Washington, D.C., the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Kathleen W. Edgell on November 4, 1988 and by Respondents Carole Haynes and First Potomac Securities, Corp. on January 11, 1989 and by Respondent Swan Securities, Inc. on February 6, 1989. The original Submission Agreement and Statement of Claim were filed on November 14, 1988. On March 20, 1989, the Claimant Kathleen W. Edgell and the Respondent Securities Settlement Corp. signed a stipulation agreement dismissing with prejudice Securities Settlement Corp. from the above referenced arbitration. 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. The panel has concluded that the claim submitted by the Claimant Kathleen W. Edgell be dismissed.
2. Pursuant to Section 43 of the Code of Arbitration Procedure, forum fees in the amount of \$400.00 is assessed against the Respondent Carole Haynes for one of the hearing sessions conducted.
3. The parties shall each bear their respective costs including attorney fees.
4. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant.

This day July 25, 1989

~~Eugene A. Goldberg~~