

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between
N.C. Harrison, Jr.
Claimant
vs.
Smith Barney, Harris Upham & Co., Inc.
J.C. Bradford and Co., Inc.
Respondents

#89-00605

CASE SUMMARY

Claimant alleged that Respondents purchased securities for Claimant's accounts without authorization that consisted of stock unsuitable for the Claimant. Claimant further alleged that his account was churned by the account executive employed by the Respondents, and significant margin calls resulted in the Claimant's account in 1988 at Smith Barney. Additionally, Claimant alleged that Respondents were negligent in the handling of Claimant's accounts and failed to supervise the assigned account executive. Respondent Smith Barney, Harris Upham and Co., Inc. maintained that the Claimant's account was not a discretionary account, and Smith Barney was not his fiduciary in the management of the account. Smith Barney further alleged that the Claimant failed to mitigate any wrongdoing in the account by failing to alert anyone of wrongdoing in a reasonable or timely manner. Respondent J.C. Bradford and Co. maintained that the Claimant failed for two years to itemize which stocks or other securities were purchased without authorization at J.C. Bradford and Co. and intended to adopt alleged unauthorized trades as his own. J.C. Bradford and Co. further alleged that the Claimant held on to positions he later deemed unsuitable and decided to transfer these positions to Smith Barney.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$138, 038 plus any additional margin interest paid or accrued through the date of the arbitration hearing; for pre- and post-judgement interest; for punitive damages as the arbitrators deemed appropriate; for Claimant's costs, expenses, and disbursements, including reasonable attorneys fees and for damages arising from the severe emotional distress suffered by the Claimant as a result of the loss of a significant portion of his life's savings. Respondent Smith Barney, Harris Upham and Co., Inc. requested that the claims of the Claimant be dismissed and asserted a cross claim against Respondent J.C. Bradford and Co. for indemnification. Respondent J.C. Bradford and Co. requested that the claims of the Claimant be dismissed and requested that the cross claim of Smith Barney against J.C. Bradford be dismissed, also.

AWARD

On March 13, 1990 in a pre-hearing telephone conference and on April 19, 1990, April 20, 1990, June 19, 1990 and June 20, 1990 in hearing sessions in Atlanta, Georgia, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant N.C. Harrison, Jr. on February 8, 1989, by Respondent Smith Barney, Harris Upham and Co., Inc. on May 24, 1989, and by Respondent J.C. Bradford and Co. on May 9, 1989. The initial claim was filed on February 27, 1989. 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:

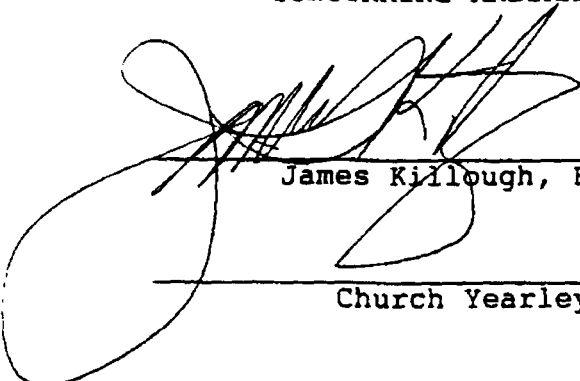
1. Respondent Smith Barney, Harris Upham and Co., Inc. is liable and shall pay to the Claimant N.C. Harrison, Jr. the sum of Fifty-Five Thousand Dollars and No Cents (\$55,000);
2. Respondent J.C. Bradford and Co. is liable and shall pay to the Claimant N.C. Harrison, Jr. the sum of Twenty Thousand Dollars and No Cents (\$20,000);

3. The cross claim of Smith Barney, Harris Upham and Co., Inc. against J.C. Bradford and Co. be and hereby is dismissed;

4. The parties shall each bear their respective costs, including attorneys fees.

5. Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall ~~refund~~ the \$750.00 filing fee previously deposited by the Claimant. The panel hereby assesses \$2700.00 in forum fees against Smith Barney, and \$675.00 against J.C. Bradford as costs of the nine hearing sessions conducted in this matter.

CONCURRING ARBITRATORS



James Killough, Esq.

Church Yearley

Larry Taylor

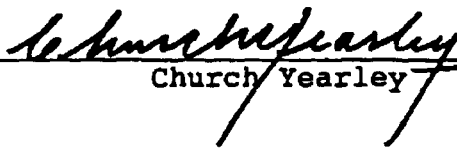
3. The cross claim of Smith Barney, Harris Upham and Co., Inc. against J. C. Bradford and Co. be and hereby is dismissed;

4. The parties shall each bear their respective costs, including attorneys fees.

5. Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall refund the \$750.00 filing fee previously deposited by the Claimant. The panel hereby assesses \$2,700.00 in forum fees against Smith Barney, Harris Upham and Co., Inc. and \$675.00 against J. C. Bradford and Co. as costs of the nine hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

James Killough, Esq.

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Church Yearley

Larry Taylor

3. The cross claim of Smith Barney, Harris Upham and Co., Inc. against J.C. Bradford and Co. be and hereby is dismissed;

4. The parties shall each bear their respective costs, including attorneys fees.

5. Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall ~~refund~~ the \$750.00 filing fee previously deposited by the Claimant. The panel hereby assesses in forum fees against *Smith Barney \$275 and J.C. Bradford \$75* as costs of the nine hearing sessions conducted in this matter.

CONCURRING ARBITRATORS

James Killough, Esq.

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Larry H. Taylor
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