

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Juanita Ehrke

89-01960

Name of Respondent

Joanne Stevens

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. ("NASD") on or about July 10, 1989, Juanita Ehrke ("Claimant") alleged that Joanne Stevens ("Respondent") solicited her to open an account with Blinder, Robinson & Co., Inc. by telling her that her principal would be safe and that her investment in GNMA's were fully insured by the U.S. Government up to \$100,000.00. Claimant further alleged that Respondent failed to inform her that she would be trading on margin or explain the risks and expenses associated with margin trading. Claimant also alleged that Respondent failed to advise her that her investment in FNMA Trust was a leveraged investment and the value of this investment fluctuated inversely with interest rates. Claimant finally alleged that the above acts constituted violations of the Securities Act of 1933, the Securities Exchange Act of 1934, breach of fiduciary duty, fraud, and of the Consumer Fraud and Deceptive Business Practice Act.

In her Statement of Answer which was filed with the NASD at the hearing of this matter on January 31, 1991, Respondent stated that the claimant was fully advised of the risks of the recommended investments and the risks associated with margin trading. Respondent further stated that she discussed the Claimants potential investments with the claimant's daughter before the claimant made the investments. Respondent also stated that the transactions were authorized by the claimant and made with her full knowledge and consent.

RELIEF REQUESTED

Claimant requested an award in the amount of \$27,383.00 in compensatory damages, plus interest, costs, attorneys fees and \$100,000.00 in punitive damages.

Respondent requested that the Statement of Claim be dismissed in its entirety.

OTHER ISSUES

Blinder, Robinson & Co., Inc. was an original Respondent in this matter but was dismissed without prejudice as a result of its filing for bankruptcy.

PROCEDURAL MATTERS

On Thursday, January 31, 1991 and Friday, February 1, 1991 in Chicago, Illinois during a hearing lasting a total of five (5) sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on June 29, 1989 by Claimant Juanita Ehrke and on January 29, 1990 by Respondent Joanne Stevens.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD.

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. Respondent Joanne Stevens shall be and hereby is liable for and shall pay to the Claimant Juanita Ehrke the sum of Twenty Thousand Eight Hundred Eighty Eight Dollars (\$20,888.00);
2. Interest at the rate of 6% per annum non-compounded is awarded on the above stated sum from the date of this award until the date paid;
3. No punitive damages are awarded;
4. Each party shall bear its costs and expenses including attorneys fees incurred in this matter not specifically enumerated herein; and
5. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the hearing session deposit in the amount of \$200.00 previously deposited with the NASD by the Claimant. The Claimant shall pay to the NASD the sum of \$1,675.00 as

forum fees and the Respondent shall pay to the NASD the sum of \$1,875 as forum fees.

Dated:

Feb 12, 1991

Arthur Meadow
Arthur Meadow, Esq.
Presiding Chair

Phillip Rummell, Esq.

Kathleen Arpaia
Industry Arbitrator

forum fees and the Respondent shall pay to the NASD the sum of \$1,875 as forum fees.

Dated:

February 13, 1991

Arthur Medow, Esq.
Presiding Chair

Phillip Rummel
Phillip Rummel, Esq.

Kathleen Arpaia
Industry Arbitrator

forum fees and the Respondent shall pay to the NASD the sum of \$1,875 as forum fees.

Dated:

Arthur Medow, Esq.
Presiding Chair

Phillip Rummell, Esq.

February 4, 1994

Kathleen W. Arpaia
Kathleen Arpaia
Industry Arbitrator