

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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Roland C. Booma

Claimant

vs.

Case #90-00311  
Award

Prudential-Bache Securities, Inc.  
and William L. Cox

Respondents

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CASE SUMMARY

Claimant, Roland C. Booma ("Booma"), alleged Respondents, Prudential-Bache Securities, Inc. ("PBS") and William L. Cox ("Cox"), assigned Avon call options and sold Avon shares without authorization, engaged in unauthorized trading to cover the position, made misrepresentations regarding resolution of the aforementioned activities, and executed unauthorized long Avon calls in Claimant's account.

Respondents maintained Claimant was a sophisticated investor, had extensive contacts with Mr. Cox and received advice from his son. Respondents averred that when Claimant failed to act on his short position they could have covered the position at market price, which would have cost Claimant a great deal of money or exercise 92 calls and lose a small amount of money. Respondents asserted their decision to exercise the 92 calls was the correct choice. They stated Claimant's failure to act was the cause of his damages.

RELIEF REQUESTED

Claimant requested actual damages in the amount of \$143,750.00, plus interest from May 17, 1989 and costs.

Respondents requested the claim be dismissed, plus costs.

AWARD

On December 19, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimant, Roland C. Booma, on January 19, 1990 and by the Respondents, Prudential-Bache Securities, Inc. and William L. Cox, on April 11, 1990 and December 19, 1990, respectively. Mr. Cox's submission agreement was not notarized, however, it was signed voluntarily. The hearing was held in Greensboro, NC and consisted of three (3) sessions. 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. Pursuant to the by-laws of the NASD, Inc., it was determined that Respondent, William L. Cox, was required to submit to this arbitration and, therefore, is bound by this panel's rulings and determinations;
2. Respondents, PBS and Cox, are hereby liable, jointly and severally, and shall pay to Claimant, Booma, the sum of \$31,000.00;
3. The parties shall each bear their respective costs, including attorneys' fees;
4. Pursuant to Section 43, 44 or 45 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimant;
5. Claimant, Booma, is assessed forum fees in the amount of \$750.00, however, he may use the filing fee to offset the forum fee. Respondent, PBS, is assessed forum fees in the amount of \$750.00. Respondent, Cox, is assessed forum fees in the amount of \$750.00. All forum fees are payable to the NASD, Inc. through its staff counsel in accordance with Section 43, 44 or 45 of the Code of Arbitration Procedure.

**ARBITRATOR SIGNATURE**

\_\_\_\_\_/s/  
Hugh Eggan

\_\_\_\_\_/s/  
James W.A. Black

\_\_\_\_\_/s/  
James Cox

January 23, 1991