

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Rose N. Carter, Trustee of
the Rose N. Carter Revocable
Living Trust

90-00567

Name of Respondents

Stifel Nicolaus & Company, Inc.
and Arthur Olson

REPRESENTATION

For Claimant: Margaret M. Mooney, Esq. of Lashley & Baer, St. Louis, MO.

For Respondents: Thomas E. Douglas, Esq. and Ellen E. Bonacorsi, Esq. of
Coburn, Croft & Putzell, St. Louis, MO.

CASE INFORMATION

Statement of Claim filed: February 26, 1990.

Claimant's Submission Agreement signed on: January 8, 1990 by Rose N. Carter.

Joint Statement of Answer filed by Respondent, Stifel Nicolaus and Arthur
Olson on April 16, 1990.

Respondent, Stifel Nicolaus & Co., Inc.'s Submission Agreement signed on
April 13, 1990 by David M. Hogan, Compliance Director. Respondent Arthur
Olson's Submission Agreement signed on April 19, 1990.

HEARING INFORMATION

Hearing Dates/Sessions: October 15, 1991 for two (2) sessions.
October 16, 1991 for two (2) sessions.
October 17, 1991 for two (2) sessions.
November 7, 1991 for two (2) sessions.
November 8, 1991 for two (2) sessions

Hearing Location: St. Louis, MO.

CASE SUMMARY

Claimant, Rose N. Carter ("Carter") alleged that Respondent Stifel Nicolaus & Co., Inc. ("Stifel Nicolaus") and Arthur Olson ("Olson") engaged in unsuitable investments for Carter in the form of placing her funds at risk in speculative S & P 100 Index Options which were grossly unsuitable for a 68 year old retired nurse. Carter alleged that she was interested in preservation of capital with a reasonable return on her money. Carter alleged that Stifel Nicolaus and Olson misrepresented the risks attendant to margin trading and the risks attendant to trading index options. Stifel Nicolaus and Olson also allegedly entered various trades in Carter's account without her authorization. The conduct claimed by Carter was allegedly violative of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10(b)-5 promulgated thereunder, Section 409.411 of the Missouri Uniform Securities Act and common law fraud. Carter also asserted that the conduct of Respondents violated a fiduciary duty owed to her, that Respondents breached a contract with her and engaged in negligence in the handling of her account.

Respondents Stifel Nicolaus and Arthur Olson denied all claims asserted against them and alleged that the claims were unfounded. Stifel Nicolaus and Olson alleged that the trading was wholly consistent with her stated investment objectives and instructions. Stifel and Olson alleged that Carter was an experienced, sophisticated investor of fairly substantial means who was seeking to recover losses which she allegedly incurred when the unprecedented market decline of the stock market crash in October, 1987 upset an otherwise successful investment strategy. Carter allegedly had over twenty-five years trading stocks and stock options when she opened her account with Stifel Nicolaus. Carter also received a Customer Risk Disclosure Statement when she opened her stock option account. In this statement, Carter represented to Stifel and Olson that she clearly knew and understood the risks of trading in options and that this trading about which she now complains was suitable for her investment objectives. Stifel Nicolaus and Olson asserted a counterclaim for their attorney's fees and costs incurred to defend the claim.

Carter replied to the counterclaim and requested that it be dismissed.

RELIEF REQUESTED

Carter requested actual damages of \$117,000.00, interest at the lawful rate on such amount from and after April, 1987, punitive damages and attorney's fees and costs of the arbitration.

Stifel Nicolaus and Olson requested dismissal of the claims in their entirety and an assessment of their costs and attorney's fees incurred to defend this matter against Claimant.

Carter requested dismissal of the counterclaim filed by Stifel Nicolaus and Olson.

OTHER ISSUES CONSIDERED & DECIDED

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 originals remain on file with the NASD.

In opening statement, Claimant's counsel withdrew the claims for fraud based on Section 10(b) of the Securities Exchange Act of 1934 and rule 10(b)-5 and upon Section 409.411 of the Missouri Uniform Securities Act. Claimant also withdrew the count of her statement of claim dealing with claims for damages as a result of unauthorized margin trading based upon Section 10(b) of the Securities Exchange Act of 1934 and Rule 10(b)-16. Removal of these elements of the claim left charges against the respondents based upon common law fraud, common law breach of fiduciary duty, common law negligence and breach of contract.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Stifel Nicolaus and Olson are jointly and severally liable for and shall pay to Carter the sum of \$53,400 as actual damages, without interest;
2. Carter's claim for punitive damages shall be and is hereby denied and specifically dismissed, and;
3. The parties shall each bear their own costs, expenses and attorney's fees incurred in this matter, and;
4. The counterclaim asserted against Carter by Stifel Nicolaus and Olson is hereby denied and dismissed in its entirety.

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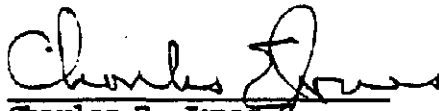
Disciplinary Referral
90-00567

Name of Respondents

Stifel Nicolaus & Company, Inc.
and Arthur Olson

The undersigned arbitrators hereby refer for disciplinary investigation the conduct of Arthur Olson in regard to his gross violation of the suitability of investment standards as applied to claimant Rose N. Carter.

Panel Members Concurring


Charles E. Jones
Chairman, Public Arbitrator

Dated: Dec. 19, 1991

James L. Breckenridge
Panelist, Public Arbitrator

Dated: _____

Gilbert Bickel
Panelist, Industry Arbitrator

Dated: _____

Date Served by the NASD: _____

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed. The NASD shall retain the \$250.00 non-refundable claim filing fee and the \$750.00 hearing session deposit previously deposited with the NASD by the Claimant. Stifel Nicolaus and Olson are jointly and severally assessed additional Forum Fees in the amount of \$9250.00. Carter is not assessed any additional Forum Fees.

Forum Fees are payable to the National Association of Securities Dealers, Inc.

Concurring Arbitrators' Signatures

Name



Charles E. Jones, Esq.
Chairman, Public Arbitrator

Dec 10 1991
Dated

James L. Breckenridge
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Charles E. Jones
Chairman, Public Arbitrator

Dated: _____

James L. Breckenridge
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Panelist, Public Arbitrator

Dated: Dec. 12, 1991

Gilbert Bickel
Panelist, Industry Arbitrator

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James L. Breckenridge
Panelist, Public Arbitrator

Dated: _____



Gilbert Bickel
Panelist, Industry Arbitrator

Dated: 12/8/91

Date Served by the NASD: _____

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James L. Breckenridge
Panelist, Public Arbitrator

Dated

Gilbert Bickel
Gilbert Bickel
Panelist, Industry Arbitrator

2/2/91
Dated

Date Served by the NASD: _____