

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	x
	x
Frederick S. Mauersberg and	x
Catherine M. Mauersberg	x
Claimants	x
	x CASE NO.
vs.	x 90-01124
	x
E.F. Hutton & Co., Inc.,	x AWARD
Dean Witter Reynolds, Inc., and	x
Franklin L. Grey	x
Respondents	x
	x

CASE SUMMARY

Claimants, Frederick S. Mauersberg and Catherine M. Mauersberg ("Claimants"), alleged that Respondent Franklin L. Grey ("Grey") persuaded them to invest in option margin trading. Claimants alleged that trading options on margin was entirely unsuitable for them, and their accounts were churned and negligently managed by Respondents Grey, E.F. Hutton & Co., ("Hutton") and Dean Witter Reynolds, Inc. ("Dean Witter").

Hutton denied the allegations made against it, and contended that it not only properly handled the Claimants' accounts, but that the Claimants regularly utilized margin in their account and had experience with options before their dealings with Grey.

Dean Witter contended that they carefully monitored the Claimants' accounts, and that the Claimants were knowledgeable investors who were in daily contact with Grey and well aware of all activity in their accounts.

Grey contended he properly handled the Claimants' accounts and exercised reasonable prudence in that regard. Grey also contended that the Claimants' made their own decisions with respect to purchases and sales of stocks and options in their accounts.

RELIEF REQUESTED

Claimants requested actual damages of \$200,000.00, plus interest, punitive damages, costs and attorneys' fees. Hutton requested dismissal of all claims made against it. Dean Witter requested dismissal of all claims made against it plus costs and

attorneys' fees. Grey requested dismissal of all claims made against him.

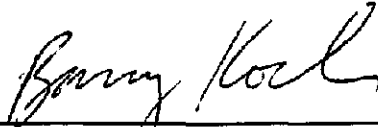
AWARD

On February 26 & 27, 1991, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by the Claimants Frederick S. and Catherine M. Mauersberg on April 9, 1990, by Respondent E.F. Hutton & Co., Inc. on May 23, 1990, by Respondent Dean Witter Reynolds, Inc. on May 31, 1990, and by Respondent Franklin L. Grey on July 26, 1990. The initial claim was filed on April 19, 1990. The hearing was conducted in Albany, NY and consisted of four (4) hearing 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. Respondent E.F. Hutton & Co., Inc. be and hereby is liable and shall pay to the Claimants Frederick S. and Catherine M. Mauersberg the total sum of One Thousand Dollars And No Cents (\$1,000.00), plus 6% interest from September 1, 1981 until the satisfaction of this award or entry of judgment.
2. Respondent Dean Witter Reynolds, Inc, be and hereby is liable and shall pay to the Claimants Frederick S. and Catherine M. Mauersberg the total sum of One Thousand Dollars And No Cents (\$1,000.00), plus 6% interest from September 1, 1981 until the satisfaction of this award or entry of judgment.
3. Respondent Franklin L. Grey be and hereby is liable and shall pay to the Claimants Frederick S. and Catherine M. Mauersberg the total sum of Eighteen Thousand Nine Hundred Thirty Six Dollars and No Cents (\$18,936.00), plus 6% interest from September 1, 1981 until the satisfaction of this award or entry of judgment.
4. The parties each shall bear their own costs including attorneys' fees.
5. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$750.00 filing fee previously deposited by the Claimants, and the

Respondent E.F. Hutton & Co., Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of ONE THOUSAND FIVE HUNDRED DOLLARS AND NO CENTS (\$1,500.00), and Respondent Dean Witter Reynolds, Inc. be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of NINE HUNDRED FIFTY DOLLARS AND NO CENTS (\$950.00), as costs of the four (4) hearing sessions conducted in this matter. In addition, Respondent Dean Witter Reynolds, Inc. be and hereby is liable and shall pay to the Claimants Frederick S. and Catherine M. Mauersberg the additional amount of FIVE HUNDRED FIFTY DOLLARS AND NO CENTS (\$550.00) to offset the hearing session deposit previously deposited by the Claimants.

CONCURRING ARBITRATORS



Barry Koch



Sheri Lynn Ackerman-Dwyer



Irving D. Fish, Jr.

Dated: April 5, 1991