



N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Arbitration

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, New York 10004

In the Matter of the Arbitration Between

Name of Claimant

Donald G. Pennington

vs.

90-02489

Name of Respondents

Stuart James Company, Inc.
Wheat, First Securities, Inc.
Bradley L. Uhlfelder

REPRESENTATION

For Claimant: Brian H. Silver, Esq.

For Respondents: Bradley L. Uhlfelder - Pro Se.
Stuart James Company, Inc. - John McBride, Esq. of Hart &
Trinen.

CASE INFORMATION

Statement of Claim filed: September 6, 1990.
Claimant's Submission Agreement signed on: August 31, 1990.

Statement of Answer for Respondent, The Stuart-James Company, Inc., filed on:
January 23, 1991.
Respondent, The Stuart-James Company, Inc., Submission Agreement signed on:
January 7, 1991.

Statement of Answer for Respondent, Bradley L. Uhlfelder, filed on: December
12, 1990.
Respondent, Bradley L. Uhlfelder, Submission Agreement signed on: December 5,
1990.

HEARING INFORMATION

Hearing Date/Hearing Sessions: August 6, 1991 - Two Sessions.

Hearing Location: Baltimore, Maryland.

CASE SUMMARY

Claimant, Donald G. Pennington, alleges that Respondent, Bradley L. Uhlfelder, with the knowledge of his employer, acted negligently, willfully and fraudulently in the manipulation and management of Claimant's account, violated federal and state securities laws, converted Claimant's funds to his own use and breached his fiduciary responsibility to Claimant. Claimant further alleges that Uhlfelder committed the following:

1. made unauthorized and/or unsuitable purchases in a number of securities;
2. Disseminated false and misleading information to Claimant to induce Claimant to invest in unsuitable stocks;
3. Abused the confidence of Claimant by initiating transactions that were excessive in view of the nature of the account;
4. Churned the account;
5. Misrepresented the quality of the stocks Uhlfelder recommended;
6. Failed to follow Claimant's instructions;
7. Failed to disclose that the firm made a market in various securities.

Claimant further contends that he advised Uhlfelder that he was interested in short term investments with great safety because he needed to purchase a home for tax purposes. Claimant alleges that during the period of May 23, 1988 through August 9, 1988, Uhlfelder purchased and sold the following new issues (penny stocks): 70,000 Wine Society of America; 70,000 International Design Group; 4,000 ATC Environmental; 80,000 National Data Computer Systems; 8,900 Independent Air Holdings, Inc.; 77,000 Concept 90 Marking Inc.; 100,00 International Design Group, Inc. and 40,000 The Meadow Group, Inc. Claimant further alleges that Uhlfelder traded options and informed Claimant that "he could not lose" on the options. Claimant also alleges that Uhlfelder without authorization purchased 20,000 shares of Bali Jewelry Ltd., another new issue sponsored by The Stuart-James Company, Inc.

Respondents, The Stuart-James Company, Inc. and Bradley Uhlfelder, deny the allegations of wrongdoing and fraud. They contend that Claimant failed to state claims of unauthorized trades, unsuitable investments, churning and fraud. Respondents further allege that Claimant ratified the trades and waived his claim by failing to complain and by transferring his account with Uhlfelder when Uhlfelder went to work with Wheat First Securities, Inc. Respondents also assert four affirmative defenses.

Prior to the commencement of the hearing Claimant and Respondent, Wheat

First Securities, Inc., settled their disputes.

RELIEF REQUESTED

Claimant requests an amount of \$83,921.22, \$175,00000 in punitive damages, plus undisclosed commissions paid, interest, costs and attorney's fees.

Respondents request that the panel dismiss the claim and award Uhlfelder attorney's fees, expenses and costs.

AWARD

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

The parties have agreed that the Award in this matter may be executed in counterpart copies be entered. The parties have also agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

1. Respondents, The Stuart-James Company, Inc. and Bradley Uhlfelder, are jointly and severally liable to the Claimant and shall pay Claimant Seventeen Thousand Four Hundred and Eighty Dollars and Zero Cent (\$17,480.00);

2. No interest is awarded on the above sum;
3. The claim for punitive damages is denied;
4. The claim for attorney's fees is denied;
5. Respondent's, Uhlfelder, claims are denied;
6. All other claims are denied.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed:

1. The NASD has received and shall retain \$200.00 non-refundable filing fee which was previously paid by the Claimant;
2. The NASD has received and shall retain \$750.00 hearing sessions deposit previously made by the Claimant;

3. The Claimant is assessed a \$200.00 non-refundable filing fee;
4. Forum costs in the amount of \$1,500.00 for two hearing sessions at \$750.00 per session have been assessed jointly and severally against Respondents, The Stuart-James Company, Inc. and Bradley Uhlfelder;
5. Respondents shall satisfy the assessment by reimbursing Claimant \$750.00 and remitting the remaining \$750.00 to the NASD.

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

ARBITRATION PANEL

J. Gregory Yawman, Esq.
Janet Thomas Johnson
B. James Rohrbacher

Chairperson - Public
Public
Industry

Concurring Arbitrator's Signature


J. Gregory Yawman, Esq.

Date of Decision: _

DATED BY NASD

AUGUST 28, 1991

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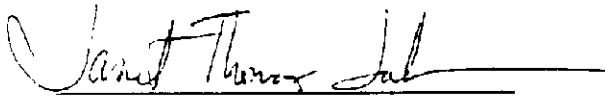
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