

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Edgar Moresco

90-02748

Name of Respondent(s)

Chris Lynn Elder

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Heard before:

Name

Public/Industry

Cornelius J. McAuliffe, Esq.

Public Arbitrator

CASE SUMMARY

This claim was initiated by a Statement of Claim filed with the National Association of Securities Dealers, Inc. ("NASD") on April 6, 1990. Claimant Edgar Moresco alleged that he wanted only high yield municipal bonds in his account and after several transactions, the Respondent Chris Lynn Elder recommended the substitution of Johnson County bonds with Fairfield bonds. Claimant alleged that the Respondent did not inform him that the new bonds were corporate, taxable bonds nor did he tell the Claimant that they were speculative.

In a Statement of Answer filed with the NASD, Respondent Chris Lynn Elder alleged that the Claimant could have sold the Fairfield bonds through any broker dealer if he was dissatisfied with them, but Respondent maintained that the Claimant chose to retain possession of these bonds. Respondent further maintained that the Claimant was a sophisticated investor who preferred to purchase high yield bonds on margin. Respondent asserted that he acted in good faith at all times with respect to the Claimant's transactions.

RELIEF REQUESTED

Claimant requested damages of \$11,661.75, plus rescission of the Fairfield bond purchase.

Respondent requested that the claim of the Claimant be dismissed and that he be awarded costs and attorneys fees.

AWARD

On February 13, 1991 in Boston, Massachusetts during a hearing lasting two sessions, the undersigned arbitrator heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Edgar Moresco on April 5, 1990 and signed by Respondent Chris Lynn Elder but undated and without notarization. Pursuant to Section 12 of the Code of Arbitration Procedure, Mr. Elder is required to arbitrate this dispute, and the NASD, Inc. retains jurisdiction over him as an associated person of the NASD, Inc. in this proceeding.


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

(1) Respondent Chris Lynn Elder is liable and shall pay to the Claimant Edgar Moresco the sum of Four Thousand Nine Hundred Fifty Dollars and No Cents (\$4,950.00). No interest is awarded.

(2) The parties shall each bear their own costs including attorneys fees.

(3) Pursuant to Section 43 of the Code of Arbitration Procedure, the NASD, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant and Respondent Chris Lynn Elder is hereby assessed \$400.00 in forum fees made payable to the NASD, Inc. as costs of the two hearing sessions conducted in this matter.

Arbitrator's Signature

  
Cornelius J. McAuliffe, Esq.

Date of Decision: 3/15/91