

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Charles I. & Lorraine Hanson JT/TEN

90-03408

Name of Respondent(s)

Associated Financial Services, Inc.

REPRESENTATION

Claimants Charles I. Hanson and Lorraine Hanson appeared pro se.

Respondent Associated Financial Services, Inc. was represented by Robert H. Medhus, President of Associated Financial Services, Inc., Fargo, North Dakota.

CASE INFORMATION

Statement of Claim filed: December 3, 1990

Claimant's Charles I. and Lorraine Hanson's Submission Agreement signed on: November 28, 1990.

Statement of Answer filed by Respondent Associated Financial Services, Inc. on: March 4, 1991.

Respondent Associated Financial Services, Inc.'s Submission Agreement signed by Robert H. Medhus on: March 26, 1991.

HEARING INFORMATION

Hearing Date/Sessions: August 26, 1991 for one (1) session.

Hearing Location: Minneapolis, Minnesota.

FORUM FEES

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

The National Association of Securities Dealers, Inc. shall retain the \$100.00 filing fee previously deposited with the NASD by the Claimants. Respondent Associated Financial Services, Inc. is liable for and shall pay to the NASD forum fees in the amount of \$300.00.

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

BY THE ARBITRATION PANEL

Dated:

Cassandra Mihalchick, Esq.
Cassandra Mihalchick, Esq.
Chairperson
Public Arbitrator

August 26, 1991

CASE SUMMARY

Claimants Charles I. Hanson and Lorraine Hanson ("Hansons") alleged that Respondent Associated Financial Services, Inc. ("Associated") failed to explain the risks of dealing with a margin account holding shares of stock in Ryder Systems, Inc. or misrepresented the operation of such an account. In addition, the Hansons further alleged that : 1) Associated failed to execute a limit order to sell 300 shares of the Ryder stock at 41 1/2; 2) Associated improperly executed a buy order so that a purchase was made at a higher price; and 3) Associated misrepresented the performance of the stock and advised him to "sit tight". Pursuant to the activities described, the Hanson's lost substantial sums during the market crash of October, 1987.

Respondent Associated Financial Services, Inc. denied the material allegations of the Statement of Claim, alleging that: 1) the risks and operation of the margin account was fully explained to Mr. Hanson; 2) Hanson placed a limit order for 43 1/2, not 41 1/2; 3) the purchase of the stock at a higher price resulted because Hanson decided to buy 300 shares and then bought an additional 300 shares because the price increased by \$2.00 in a short period of time; and 4) Hanson had rejected all advice of Associated's brokers and would not sell shares even to cover his margin calls.

RELIEF REQUESTED

Claimants Charles I. Hanson and Lorraine Hanson requested entry of an award against Respondent Associated Financial services in the amount of \$30,000.00.

Respondent Associated Financial Services, Inc. requested that the Statement of Claim be dismissed and denied in its entirety.

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:

1. The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the original(s) remain on file with the NASD.
2. The Statement of Claim is hereby dismissed and denied in its entirety;
3. Each party shall bear their own costs of arbitration, including any attorneys' fees, except for those specifically enumerated herein.