

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :  
: **CASE #91-01864**  
Albert and Genevieve Hodgson : **AWARD**  
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:   
Claimant :   
:   
vs. :   
:   
:   
Dean Witter Reynolds, Inc. :   
Boyd Johnson, III :   
:   
:   
Respondents :

### CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on June 14, 1991, Claimants, Albert and Genevieve Hodgson, who appeared Pro Se, alleged that Respondent Boyd Johnson, III, made unauthorized purchases and sales in various instruments in their joint account held with Respondent, Dean Witter Reynolds, Inc. Claimants further alleged they informed Respondent, Boyd Johnson, III, that they were interested in conservative, risk-free investments and that he would be handling their life savings. Claimants asserted that Respondent Boyd Johnson, III informed them that no commissions would be charged for these investments. Claimants contended that Respondent invested in instruments which involved great risk and substantial commissions, without their authorization. Claimants further contended that Respondents investments were not diversified and were inappropriate for their needs, thus, creating losses in their account. Claimants argued that Respondent, Boyd Johnson, III, was acting as an agent for Respondent, Dean Witter Reynolds, Inc., therefore, they are equally liable.

Respondent, Boyd Johnson, III, who appeared Pro Se, maintained that he never solicited Claimants, nor implied that he would act in a purely managerial or fiduciary capacity for them. Respondent further maintained that Claimants never intimated that they were "turning their financial responsibilities" or their "life savings" over to him. Respondent argued that the instruments held by Claimants consisted of a reasonably diversified, hedged portfolio which was not at all inappropriate for their needs. Respondent further argued that he notified Claimants of the fees and commissions involved, prior to the transactions. Respondent further maintained that the investments made were appropriate and

that Claimants made informed decisions thereby, clearly assenting to every trade undertaken on their behalf.

Respondent, Dean Witter Reynolds, Inc., asserted that all trades made by Respondent Boyd Johnson, III on behalf of Claimants were suitable to their specific needs and they adopted Respondent, Boyd Johnson's Statement of Answer. Respondent, Dean Witter Reynolds, Inc. contended that all transactions were authorized by Claimants prior to the execution by Respondent Boyd Johnson, III.

#### RELIEF REQUESTED

Claimants, Albert and Genevieve Hodgson, requested \$10,000.00 in actual damages plus interest from January 26, 1990 at 10% per annum.

Respondent, Boyd Johnson, III, requested the claim be dismissed and that costs be assessed against the Claimants.

Respondent, Dean Witter Reynolds, Inc., requested the claim be dismissed and that costs be assessed against Claimants.

#### AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Wayne E. Gallop, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on June 6, 1991 and by the Respondent Dean Witter Reynolds, Inc. August 19, 1991 and by Boyd Johnson, III on August 15, 1991.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

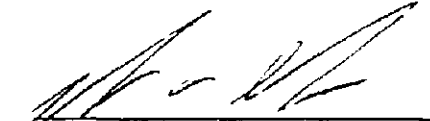
1. The Claims of Claimants Albert & Genevieve Hodgson against Respondents, Dean Witter Reynolds, Inc. and Boyd Johnson, III are dismissed.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc.

5. The Respondents be and hereby are liable jointly and severally and shall pay to the Claimant the sum of \$23,906.33, plus simple interest at the rate of 4% per annum from January 31, 1991 to the date of payment of the Award.
6. Each party shall bear their respective costs, including attorneys' fees.

FORUM FEES

The NASD shall retain the \$1,100.00 claim filing fee previously deposited by the Claimant and the Respondents be and hereby are liable jointly and severally and shall pay to the Claimant the sum of \$1,100.00 as reimbursement for the filing fee.

CONCERNING ARBITRATOR SIGNATURE

  
Joseph A. Schubin, Esq.

Public Arbitrator

Executed on:  
~~Date of Decision:~~ 2/17/92

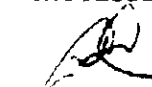
Date of Decision: February 12, 1992

STATE OF: New York

SS:

COUNTY OF: Long

On this 12 day of February, 1992, before me personally appeared Joseph Schubin known and known to me to be the individual described in and who executed the foregoing instrument and he duly acknowledged to me that he executed the same

  
MITCHEL GUBERMAN  
Notary Public, State of New York  
No. 30-4348408  
Qualified in Nassau County  
Commission Expires January 6, 1994

