

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between :
 :
Imagene Fawcett :
 :
 : Claimant :
 :
vs. : CASE #91-01963
 : AWARD
 :
Prudential Securities, Inc. :
Rolf Larson :
 :
 : Respondents :

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on June 25, 1991, Claimant, Imagene Fawcett by and through her counsel Virginia T. George, Esq., of Albert, Holland & Schwartz, Fort Worth, Texas, alleged that Respondent Rolf Larson recommended the purchase of 1,000 shares of Unisys Corporation stock without disclosing it was a high risk investment. Claimant further alleged that this recommendation was unsuitable based on her investment history with Respondent, Prudential Securities, Inc. and her stated investment goals. Claimant contended that Respondent, Rolf Larson provided false and misleading information about the investment, in addition to withholding relevant facts. Claimant further contended that only at Respondent, Rolf Larson's strong recommendation did she authorize this purchase. Claimant further alleged that she had limited investment experience and acted solely upon Respondent, Rolf Larson's advice. Claimant asserted that Respondent Rolf Larson failed to provide the requested documentation about the investment until three weeks after the purchase. Claimant further asserted that when she learned the stock was labeled as "high risk" she contacted Respondent, Rolf Larson with her concern and he continued to recommend that she hold the stock. Claimant argued that it was Respondent, Rolf Larson's inappropriate handling of her account that caused her to incur losses. Claimant further argued that Respondent, Prudential Securities, Inc. is liable for failure to supervise Respondent, Rolf Larson and for failure to monitor its customers account.

Respondents, Prudential Securities, Inc. and Rolf Larson by and through their in-house counsel, Joel Levinson, Esq., maintained that Respondent, Rolf Larson was Claimant, Imagene Fawcett's

registered representative since 1988 and that in July 1990 he suggested she purchase Unisys stock with the liquidation proceeds from her sale of EL Paso Electric stock. Respondents further maintained that Respondent, Rolf Larson made all the necessary disclosures to the Claimant including the fact that this stock was listed as "high risk". Respondents contended that this investment was suitable for Claimant's needs because her investment objective was for growth income. Respondents further contended that Claimant was a knowledgeable investor and that she was in control of all the decisions in her accounts in which she monitored all transactions very closely. Respondents further maintained that Claimant was made aware of all the pertinent risks before the purchase and was certainly aware of these risks after she received the Unisys stock research report. Respondents asserted that Respondent, Rolf Larson may have recommended holding the stock but it was Claimants ultimate decision to do so. Respondents argued that neither Respondent can be held liable for a recommendation made in good faith that did not perform as well as expected.

RELIEF REQUESTED

Claimant, Imogene Fawcett requested \$8,551.00 in actual damages along with \$3,451.37 in attorney's fees, \$245.69 in costs plus interest and the return of the NASD, Inc. filing fee.

Respondents, Prudential Securities, Inc. and Rolf Larson requested the claim be dismissed in its entirety.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Maxel B. Silverberg, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on July 3, 1991, by the Respondent, Prudential Securities, Inc. on August 20, 1991 and by Respondent, Rolf Larson on August 21, 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:

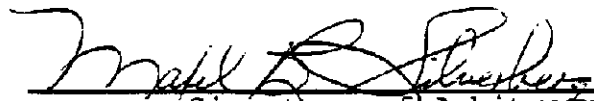
1. Respondents, Prudential Securities, Inc. and Rolf Larson are jointly and severally liable and shall pay to the Claimant, Imogene Fawcett the sum of \$3,750.00 in damages.
2. Respondents, Prudential Securities, Inc. and

Rolf Larson are jointly and severally liable and shall pay to the Claimant, Imogene Fawcett the sum of \$245.69 in costs.

3. Respondents, Prudential Securities, Inc. and Rolf Larson are jointly and severally liable and shall pay to the Claimant, Imogene Fawcett simple interest at the legal rate from July 27, 1990 to date of payment of the award.
4. The Claimant's request for attorney's fees is denied.
5. The parties shall bear their respective costs.
6. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. Respondents, Prudential Securities, Inc. and Rolf Larson are jointly and severally liable and shall pay to the Claimant, Imogene Fawcett \$150.00 as reimbursement.

AFFIRMATION

I, **MAXEL B. SILVERBERG**, do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Signature of Arbitrator

DATE OF DECISION: March 26, 1992