

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Fred J. and Christina Goehner

Claimants

vg.

A.G. Edwards & Sons, Inc.

Respondent

CASE #91-02232
AWARD

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 22, 1991, Claimants, Fred J. and Christina Goehner, by and through Norman E. Goehner, alleged that they informed Respondent A.G. Edwards & Sons, Inc. that their investment objective was primarily for "safety of principal" and that Respondent purchased \$12,000.00 of Lord Abbott Bond Debenture Fund, which was an unsuitable instrument for their investment needs. Claimants further alleged that they informed Respondent that they had no prior knowledge of stocks and bonds and were inexperienced investors who were enticed into investing with Respondent from a newspaper advertisement. Claimants asserted that Respondent did not have their best interest in mind but were only concerned with collecting commissions. Claimants contended that Respondent mishandled their account in reference to their investment objectives, this creating losses.

Respondent, A.G. Edwards & Sons, Inc. by and through their in-house counsel, Stephen G. Sneeringer, Esq., maintained that Claimants, Fred J. and Christina Goehner contacted their sales representative Brian Bunkers and opened an account with A.G. Edwards & Sons, Inc. on January 5, 1985. Respondent, A.G. Edwards & Sons, Inc. further maintained that after providing Claimants with all relevant information, Claimants entered an order to invest \$12,000.00 in the Lord Abbott Bond Debenture Fund and that this purchase was unsolicited. Respondent contended that Claimants indicated their primary investment objectives were primarily income, secondarily growth and lastly speculation and that Claimants did not indicate that "safety of principal" was one of their objectives. Respondent asserted that Claimants advised them that prior investment experience was 20 years involving stocks & bonds and 25 years involving Certificates of Deposit. Respondent

further contended that Claimants could not have been enticed to invest in mutual funds by an advertisement allegedly published in January 1985. Respondents argued that Claimants allegations are not well founded and that Claimants were paid dividends creating an overall profit thus, Claimants have incurred no loss as a result of their investment in Lord Abbott Bond Debenture Fund.

RELIEF REQUESTED

Claimants, Fred J. and Christina Goehner requested \$4,403.00 in actual damages.

Respondent, A.G. Edwards & Sons, Inc. requested the claim be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Casandra Mihalchick, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on August 7, 1991 and by the Respondent on October 14, 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. Respondent, A.G. Edwards & Sons, Inc. is liable and shall pay to the Claimants, Fred J. and Christina Goehner the sum of \$4,403.00 in damages.
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. The Respondent, A.G. Edwards & Sons, Inc. shall pay \$150.00 to the Claimants as reimbursement.

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AFFIRMATION

I, CASANDRA MIHALCHICK, ESQ., 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.

Cassandra Mihalchick Esq.
Signature of Arbitrator

DATE OF DECISION: March 19, 1992