

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between	:	
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Herbert J. and Joyce LaHood	:	
	:	
Claimants	:	CASE #92-00711
	:	AWARD
vs.	:	
	:	
Mark H. Field	:	
Karl I. Riner	:	
	:	
Respondents	:	
	:	
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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 27, 1992, Herbert J. and Joyce LaHood who appeared Pro Se, alleged that in May 1988 Claimant Herbert J. LaHood contacted Respondent Mark H. Field, Vice President of Investments at Prudential Bache Securities, Inc. to invest the sum of \$5,000.00 in a safe investment vehicle that would earn a fair return, but would not jeopardize the principal, at which time, Respondent Mark H. Field recommended the purchase of 200 shares of First Executive Preferred stock for a total cost of \$5,075.75. Claimant further alleged that this investment chosen by Respondent Mark H. Field lost 80% of its value in less than two years and by the end of the third year it was worthless. Claimants contended that in a subsequent meeting, attended by Claimant Herbert J. LaHood, Respondent Karl I. Riner, Vice President and Branch manager of the Syracuse office of Prudential-Bache, and Respondent Mark H. Field, whereby Respondent Mark H. Field admitted that Claimants had made the request about the principal, but defended the recommendation with the statement that First Executive was rated triple A at the time of the recommendation. Claimants further contended that it was their understanding that a major criteria of a broker's recommendation was "suitability" as regards a client's needs and concerns. Claimants asserted that Prudential Bache had been their broker for fifteen years and certainly knew the importance of their funds and the seriousness of the request to preserve the principal. Claimants further asserted that given these facts, Respondent Mark H. Field should have shown greater care in making a suitable recommendation and Respondent Karl I. Riner's failure to rectify this matter, caused Claimants to sustain losses.

Respondent's, Mark H. Field and Karl I. Riner by and through their in-house counsel Nancy Basri, Esq. of Prudential Securities Incorporated, maintained that Claimants Herbert J. and Joyce LaHood opened a securities account in November 1978 and soon began to do business with Respondent Mark H. Field whereby over the years Claimant Herbert J. LaHood made various investments through Respondent Mark H. Field some of which were based on Respondent Mark H. Field's advice and others were unsolicited at Claimant Herbert J. LaHood's own initiation, including unit trusts, stocks and CD's. Respondents further maintained that in May 1988 Claimant Herbert J. LaHood informed Respondent Mark H. Field that he had \$5,000.00 to invest whereby Claimant Herbert J. LaHood indicated that he was not interested in a CD but preferred something with a higher yield at the same time he wished to preserve capital, at which time, Respondent Mark H. Field suggested investing in First Executive Corporation preferred stock, series F and advised Claimants it did have a mandatory sinking fund. Respondents contended that this investment was not sold to Claimants as a CD surrogate and Claimants were told that they could expect fluctuations in the price of the stock, at which time, the outlook for First Executive at that time was good, according to the available information being circulated throughout the industry. Respondents further contended that Claimants were paid \$1,293.76 in First Executive stock dividends, and that they held the stock for over a year and a half before it began to decline in value. Respondents asserted that Respondent Mark H. Field recommended First Executive preferred stock to Claimants in good faith with a reasonable expectation that it would appreciate in value and that Claimants fail to make out a claim upon which relief can be granted, as against Respondent Karl I. Riner, therefore, Respondents are not liable for Claimants losses.

RELIEF REQUESTED

Claimants, Herbert J. and Joyce LaHood requested \$5,149.00 in actual damages.

Respondents, Mark H. Field and Karl I. Riner 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, Maureen J.M. Ely, 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 March 16, 1992 and by the Respondent, Karl I. Riner May 4, 1992

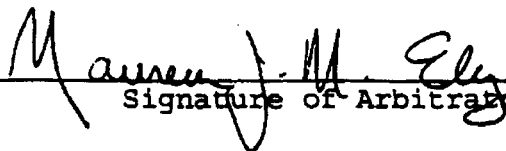
and by the Respondent Mark H. Field on May 18, 1992.

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

1. The claims of Claimants Herbert J. and Joyce LaHood against Respondents Mark H. Field and Karl I. Riner 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 Herbert J. and Joyce LaHood shall be retained by the NASD, Inc.

AFFIRMATION

I, **MAUREEN J.M. ELY, 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.



Signature of Arbitrator

Date of Decision: October 6, 1992

STATE OF *New York*

SS:

COUNTY OF *Saratoga*

On this *1st* day of *October* 1992, before me personally appeared **MAUREEN J.M. ELY, ESQ.** known and known to me to be the individual described in and who executed the foregoing instrument and be duly acknowledged to me that she executed the same.



DEBORAH D. WESTMAN
Notary Public, State of New York
Qualified in Rensselaer County
4313103
My Commission Expires Aug. 31, 1994