

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimant

Georgia Wallace

92-01343

Name of Respondents

Prudential Securities Inc  
Robert Bonwell

---

**REPRESENTATION**

For Claimant Georgia Wallace ("Claimant"): Mitchell C. Green, a sole practitioner.

For Respondents Prudential Securities Inc. ("PSI") and Robert Bonwell ("Bonwell"): Peter Byer, of PSI.

**CASE INFORMATION**

Statement of Claim filed: April 14, 1992.

Claimant's Submission Agreement signed on: March 30, 1992.

Joint Statement of Answer filed by Respondents on: June 30, 1992.

Respondent PSI's Submission Agreement signed on: July 9, 1992.

Respondent Bonwell's Submission Agreement signed on: June 30, 1992.

**HEARING INFORMATION**

Hearing Dates/Sessions: May 3, 1993/3 sessions  
May 4, 1993/2 sessions

Hearing Location: Columbus, OH.

**CASE SUMMARY**

Claimant alleged Respondents were responsible for monitoring her account and PSI was responsible for the supervision of Bonwell. Claimant alleged she informed Respondents of her need for preservation of capital and income. Claimant further alleged Respondents disregarded her instructions by purchasing high risk securities and engaging in options transactions (including

AWARD  
#92-01343  
Page two

First Executive Corp.) which caused significant loss. Claimant also alleged she was placed in low rated High Yield funds by Respondents which were represented to her as being conservative investments. Finally, Claimant alleged Respondents churned and failed to diversify her account.

Respondents alleged Bonwell recommended Claimant begin a covered call writing program as one of her investment objectives was the generation of income. Respondents further alleged Bonwell spoke to Claimant prior to each trade and Claimant spoke on a monthly basis with either Bonwell or his registered sales assistant, Timothy Davis ("Davis") regarding the status of her account. Respondents maintained Davis provided Claimant with year-end summaries showing all activity in her account. Respondent asserted the First Executive Corp. investment was recommended by Bonwell, but that any losses were due to market conditions and not to omissions on the part of Respondents. Respondents maintained that at its peak, First Executive Corp. accounted for approximately 16.5% of the total net worth of Claimant's account. Respondents contended that as Claimant had expressed a desire for an income that Bonwell recommended the purchase of high yield bond funds and that Claimant was aware the term "high yield" denoted greater income and risk. In addition, Respondents denied there were any misrepresentations regarding the purchase of these bond funds. Finally, Respondents maintained the loss in First Executive Corp. was Claimant's only significant loss, it was discussed with her when it occurred and there was no complaint from Claimant until a year and a half later.

#### **RELIEF REQUESTED**

Claimant requested: compensatory damages in the amount of \$350,000.00, plus interest at the statutory rate from the date of loss to the present; punitive and exemplary damages; costs; and attorneys' fees.

Respondents requested: the Statement of Claim be dismissed in its entirety.

#### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

#### **AWARD**

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for deter-

AWARD  
#92-01343  
Page three

mination as follows:

1. Respondents Prudential Securities, Inc. and Robert Bonwell are hereby liable, jointly and severally, and shall pay to Claimant the sum of \$250,000.00;
2. All other claims are dismissed;
3. Each party shall bear its own expenses, including attorneys' fees.

**FORUM FEES**

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$200.00 non-refundable filing fee and the following Forum Fees are assessed.

5 sessions X \$750.00 = \$3,750.00 minus hearing session deposit of \$750.00 and postponement fee of \$750.00 = net \$2,250.00 due.

Forum fees Assessed Against:

1. Claimant Georgia Wallace is hereby liable and shall pay to the NASD the sum of \$375.00;
2. Respondents Prudential Securities, Inc. and Robert Bonwell are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,875.00.

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

  
Bertha Richardson  
Bertha Richardson/Industry Arbitrator

Date of Decision: June 14, 1993

AWARD  
#92-01343  
Page three

mination as follows:

1. Respondents Prudential Securities, Inc. and Robert Bonwell are hereby liable, jointly and severally, and shall pay to Claimant the sum of \$250,000.00;
2. All other claims are dismissed;
3. Each party shall bear its own expenses, including attorneys' fees.

#### **FORUM FEES**

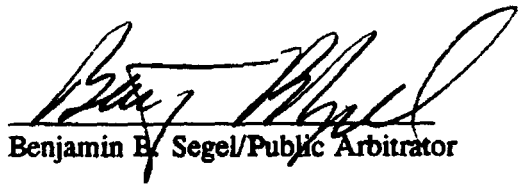
Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$200.00 non-refundable filing fee and the following Forum Fees are assessed.

5 sessions X \$750.00 = \$3,750.00 minus hearing session deposit of \$750.00 and postponement fee of \$750.00 = net \$2,250.00 due.

Forum fees Assessed Against:

1. Claimant Georgia Wallace is hereby liable and shall pay to the NASD the sum of \$375.00;
2. Respondents Prudential Securities, Inc. and Robert Bonwell are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,875.00.

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

  
Benjamin E. Segel/Public Arbitrator

Date of Decision: June 14, 1993

AWARD  
#92-01343  
Page three

mination as follows:

1. Respondents Prudential Securities, Inc. and Robert Bonwell are hereby liable, jointly and severally, and shall pay to Claimant the sum of \$250,000.00;
2. All other claims are dismissed;
3. Each party shall bear its own expenses, including attorneys' fees.

**FORUM FEES**

Pursuant to Section 43c of the Code of Arbitration Procedure, the NASD shall retain the \$200.00 non-refundable filing fee and the following Forum Fees are assessed.

5 sessions X \$750.00 = \$3,750.00 minus hearing session deposit of \$750.00 and postponement fee of \$750.00 = net \$2,250.00 due.

Forum fees Assessed Against:

1. Claimant Georgia Wallace is hereby liable and shall pay to the NASD the sum of \$375.00;
2. Respondents Prudential Securities, Inc. and Robert Bonwell are hereby liable, jointly and severally, and shall pay to the NASD the sum of \$1,875.00.

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

  
Bernard G. Lancione/Public Arbitrator

*5/28/93 executed*

Date of Decision: June 14, 1993