

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

John J. Coppinger

VS.

Case #
92-02027

Name of Respondents

Shearson Lehman Brothers, Inc.
A. L. Williams

REPRESENTATION

Claimant, John J. Coppinger, appeared pro-se.

For Respondents, Shearson Lehman Brothers, Inc. and A. L. Williams: John P. Bevilacqua, Esq., in-house counsel at Shearson Lehman Brothers, Inc.

CASE INFORMATION

Statement of Claim filed: June 15, 1992.

Claimant's Submission Agreement signed on: June 11, 1992.

Statement of Answer filed by Respondents on: August 17, 1992.

Respondent, Shearson Lehman Brothers, Inc.'s Submission Agreement signed on: August 14, 1992.

Respondent, A. L. Williams', Submission Agreement signed on: July 27, 1992.

HEARING INFORMATION

Hearing Date/Session: August 12, 1993 / One Session

Hearing Location: NASD Offices, Boston, MA.

CASE SUMMARY

At the time of the filing of this claim, Claimant, John J. Coppinger ("Claimant"), stated that he was 54 years old with a temporary job which produced a salary of \$1,000 a month. Claimant alleged that he approached the Respondent, A. L. Williams ("Williams"), with a check in the amount of \$34,000 in the hope that he would advise him on "how to hold onto this money." Claimant alleged that the Respondent recommended that he invest his money in naked options. Claimant testified that he knew nothing about naked options. Claimant also alleged that after he lost a lot of money with the naked options, he instructed Williams not to execute any more trades when he is not around. Claimant stated that this instruction took place before the last transaction, which was in July of 1986.

Claimant further alleged that at that point he went to Florida and upon his return, he reviewed his monthly statement and realized that Respondent had executed another trade while he was away which resulted in a loss. Claimant further alleged that he asked Respondent to send a check for the balance in his account to another firm where he wanted his IRA account transferred. Claimant stated that Respondents failed to follow his instructions until it was time for the firm to assess its annual fee.

In their joint answer, Respondents Shearson Lehman Brothers, Inc., and Avery Williams ("Respondents"), categorically denied each and every material allegation set forth in the Statement of Claim. More specifically, Respondents denied that any unauthorized trade was ever executed in Claimant's account.

Respondents asserted that since "naked options" was a fairly new investment strategy at the time Claimant approached the Respondents, Williams took great pains to fully describe the inherent risks involved in writing naked options. Respondents maintained that in the middle of 1986, Williams stated that he was unhappy with the overall results of the trading strategies and therefore ceased option writing for all of his clients, including Claimant. Williams testified that talk of ceasing the options strategy did not take place until after the July, 1986 transaction; and that it was he, not the Claimant, who first concluded that the options strategy should cease, and he so advised the Claimant. Respondents further maintained that Claimant was unwilling to discontinue his pattern of trading and pleaded with Williams to execute options transactions for his account in an attempt to recover some of his losses; however, Williams declined.

Respondents moved to dismiss Claimant's claims for relief in connection with trading activity prior to June 1986, pursuant to Section 15 of the Code of Arbitration Procedure. ("Code")

RELIEF REQUESTED

Claimant requested damages of \$3,465.50.

Respondents requested dismissal of all claims against it, plus costs, including attorneys fees.

OTHER ISSUES CONSIDERED & DECIDED

At the hearing Respondents raised two issues:

1. Claimant's complaint was confined to the last transaction in July, 1986. Claimant argued that his complaint encompassed all transactions made through the Respondent.
2. Respondents argued that Claimant's claims for relief in connection with trading activity prior to the last transaction in July, 1986 were barred by Section 15 of the Code.

On the first issue, this Arbitrator ruled in favor of Claimant. On the second issue, this Arbitrator ruled in favor of Respondents and heard all claims which arose after June of 1986.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. The Claimant's claim which arose in July, 1986 is hereby dismissed.
2. All other claims are denied.
3. Respondents are liable to Claimant for a portion of the forum fees as stated in paragraph 3 of the Forum Fees section of this decision.

FORUM FEES

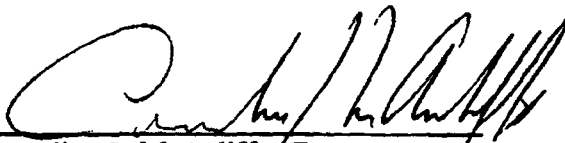
Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed equally against both parties.

\$50.00 Non-Refundable filing fee for claim

\$100 Hearing session fees (1 Session x \$100.00)

1. Total Forum Fees in the amount of \$150.00 are hereby assessed equally between Claimant and Respondent.
2. Accordingly, Claimant deposited \$150.00 with the NASD and shall be entitled to a refund of \$75.00
3. Respondents are assessed forum fees in the amount of \$75.00. Respondents are hereby liable and shall pay this amount directly to the Claimant.

Concurring Arbitrator's Signature



Cornelius J. McAuliffe, Esq.
Sole Public Arbitrator

Executed on: 9/15/93
~~Date of Decision:~~

Date of Decision: September 23, 1993