

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In A Consolidated Matter of the Arbitration Between

Name of Claimant

Bobby W. Harrelson

#92-03104 AWARD

Name of Respondents

J.C. Bradford & Co.  
Michael Masters

Consolidated with  
#92-03107 Award  
B. Rex Stephens v.  
J.C. Bradford & Co.,  
and Michael Masters

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CASE SUMMARY

In claims filed with the National Association of Securities Dealers, Inc. on September 15, 1992, by Claimant Bobby W. Harrelson and by Claimant B. Rex Stephens, by and through their personal representative, Brian K. Lowe of Investors Arbitration Services, Inc., Woodland Hills, CA. in a consolidated matter, alleged that Respondent Michael Master, Account Executive with Respondent J.C. Bradford & Co. informed them that an initial public offering ("IPO") of Longhorn Steaks, Inc. stock had fully subscribed but that Respondent J.C. Bradford & Co. was planning to buy a "retail block" in the secondary market of approximately 100,000 shares which they would be able to resell at a maximum, price of \$20.50 per share, if not less. Claimants Bobby W. Harrelson and B. Rex Stephens further alleged that on the basis of this and other information they each entered a buy order at \$23.00; however, based on estimated earning information previously received, Claimants did not rescind. Claimants contended that after receiving a research report they each were made aware that the earnings of the corporation were less than they had been lead to believe. Claimants Harry W. Harrelson and B. Rex Stephens further contended that Respondents engaged in fraud, deceit, misrepresentation and omission of material fact. Claimants Harry W. Harrelson and B. Rex Stephens asserted that Respondents J.C. Bradford & Co. and Michael Masters violated the Securities Exchange Act of 1934, breached their fiduciary duty to Claimants, breached the implied covenant of good faith and fair dealing, therefore, they are liable for the losses sustained by Claimants Barry W. Harrelson and B. Rex Stephens.

Respondents J.C. Bradford & Co. and Michael Masters by and through their in-house counsel Claude O. Ramer, II, Esq. maintained that there was no misrepresentation of fact, and the price of stock was estimated to be around \$20.00 per share whereby Claimant Barry W. Harrelson and B. Rex Stephens each were sent a preliminary prospectus. Respondents further maintained that Respondent Michael Masters called Claimant Barry W. Harrelson and B. Rex Stephens to tell them the stock could only be purchased at \$23.00 per share whereby each Claimant still wanted the stock and confirmed their respective purchase.

### **RELIEF REQUESTED**

Claimant, Bobby W. Harrelson requested \$4,002.00 in actual damages plus interest at the maximum legal rate from date of original purchase and costs of arbitration, including attorney's fees.

Claimant B. Rex Stephens requested \$8,002.00 in actual damages plus interest at the maximum legal rate from date of original purchase and costs of arbitration, including attorney's fees.

Respondents J.C. Bradford & Co., Inc. and Michael Masters requested the claims should be denied in their entirety and costs be assessed against Claimants.

### **AWARD**

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, John F. Snyder, Esq. was selected to review and determine the matters in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on September 2, 1992, by the Respondent J.C. Bradford & Co. on November 17, 1992 and on December 23, 1992; and by the Respondent Michael Masters on October 21, 1992 and on December 23, 1992.

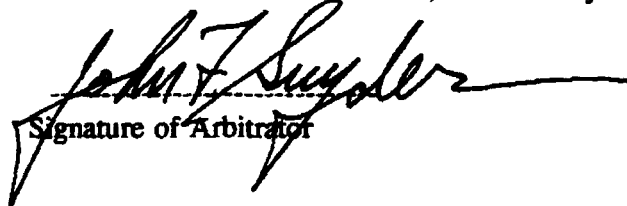
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Michael Masters is liable and shall pay to the Claimant Bobby W. Harrelson the sum of \$4,002.00 in damages.
2. Respondent Michael Masters is liable and shall pay to the Claimant B. Rex Stephens the sum of \$8,002.00 in damages.
3. Respondent Michael Masters is liable and shall pay to the Claimant Bobby W. Harrelson simple interest at the statutory legal rate from May 20, 1992 to the date of payment of the award.

4. Respondent Michael Masters is liable and shall pay to the Claimant B. Rex Stephens simple interest at the statutory legal rate from May 20, 1992 to the date of payment of the award.
5. Respondent Michael Masters is liable and shall pay to the Claimant Bobby W. Harrelson, attorney's fees in the amount billed or agreed upon, but not more than \$1,000.00.
6. Respondent Michael Masters is liable and shall pay to the Claimant B. Rex Stephens, attorney's fees in the amount billed or agreed upon, but not more than \$1,000.00.
7. The claim of Claimant Bobby W. Harrelson against Respondent J.C. Bradford & Co. is dismissed.
8. The claim of Claimant B. Rex Stephens against Respondent J.C. Bradford & Co. is dismissed.
9. The parties shall bear their respective costs.
10. The \$150.00 filing fees previously deposited with the National Association of Securities Dealers, Inc. by the Claimants Bobby W. Harrelson and B. Rex Stephens shall be retained by the NASD, Inc. Respondent Michael Masters is liable and shall pay to Claimant Bobby W. Harrelson the sum of \$150.00, as reimbursement.
11. Respondent Michael Masters is liable and shall pay to the Claimant B. Rex Stephens the sum of \$150.00, as reimbursement.

**AFFIRMATION**

I, JOHN F. SNYDER, 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

DATED OF DECISION: March 22, 1993