

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Richard A. Bumb & Louise M. Bumb, Jtwros

Award

vs.

#93-02308

Name of Respondents

Dean Witter Reynolds Inc.

Thomas Hess Forbes

REPRESENTATION

Claimant represented himself at the hearing.

For Respondents: Janet Epstein, Esq. of Dean Witter Reynolds, Inc., located in New York, New York.

CASE INFORMATION

Statement of Claim was received by the NASD on June 9, 1993.

Claimant's Submission Agreement was signed on June 7, 1993.

Joint Statement of Answer was filed by Respondents, Dean Witter Reynolds Inc. and Thomas Forbes on August 16, 1993.

Respondent, Dean Witter Reynolds Inc.'s Submission Agreement was signed on August 16, 1993.

Respondent, Thomas Forbes' Submission Agreement was signed on July 23, 1993.

HEARING INFORMATION

Hearing Date/Sessions: April 4, 1994 - 2 Sessions

Hearing Location: Embassy Suites, 28100 Franklin Road, Southfield, Michigan.

CASE SUMMARY

Claimants, Richard and Louise Bumb, alleged that on October 12, 1992 Claimant, Richard Bumb ("Mr. Bumb"), spoke to Respondent, Thomas Forbes ("Forbes"), and discussed recent market movements, particularly with Ford and GM common stock, after which Mr. Bumb requested the bid and asked prices on January 40 Call options on Ford. Claimants maintain that after the discussion Mr. Bumb requested that Forbes buy 20 Ford January 40 calls at the Bid price of 15/16, and 20 Ford January 40 calls at the asked price of 1.00.

Claimants alleged that on the same day the orders to buy Ford January 40 calls were made both orders were executed as sells, instead of buys, for a net invoice price of \$ 3,504.45. As soon as the Claimant received the confirmations he discovered the error and called Mr. Forbes immediately, and requested that Mr. Forbes correct the confirmation to show the true nature of the transaction.

Claimants also alleged that Mr. Mackenzie from Dean Witter called the next day and advised him that they would not reverse the transaction because the misunderstanding was simply a matter of "your word against Mr. Forbes' word". Claimants alleges that Mr. Forbes offered to settle the dispute with a check from his personal funds which Claimant initially refused.

Claimants states that on October 26, 1992 he bought back the 40 Ford Jan 40 calls @ 2 11/16 for a total of \$10,982.52. Claimant had difficulty finding out how to file for arbitration as suggested by Mr. McKenzie, so he asked Forbes if his offer was still open. Mr. Forbes said he would check with Mr. Mackenzie, and later called to tell Mr. Bumb that the offer was no longer available. Claimant maintains that the need to check with Mr. Mackenzie was an indication that Mr. Mackenzie authorized the initial offer.

Respondents maintain that both the evidence and logic support the conclusion that the Claimant gave an order to sell Ford calls. Respondents claim that Claimant was concerned about a further drop in the price of Ford stock, and asked for bid prices only on the options which that indicates that Claimant was only interested in selling. Respondents states that Mr. Bumb was already holding 8000 shares of Ford. And a sale of calls would represent a partial hedge against a further decline in Ford which would be consistent with the claimant's concern about a drop in Ford's stock price.

Respondents maintain that Mr. Forbes repeated the order to sell back to Claimant which Claimant confirmed. Respondents also maintained that the order tickets were written as sells and the trades were logged the same day as sells in Mr. Forbes' Record Update Form.

Respondents assert as an affirmative defense, the claimants failure to mitigate damages.

RELIEF REQUESTED

Claimants requested reimbursement for actual loss incurred in the amount of \$7,478.07, and a token reimbursement for loss of gain \$1.00.

Respondents requested that all claims made by the Claimant be dismissed.

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 arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. The Claimants have no cause of action against Thomas Forbes.
2. Respondent, Dean Witter Reynolds, Inc., shall pay Claimants the sum of \$2000.00.
3. Respondent, Dean Witter Reynolds, Inc., shall pay all forum costs.

FORUM FEES

Pursuant to Section 43(c) of the *Code of Arbitration Procedure*, the following Forum Fee(s) are assessed.

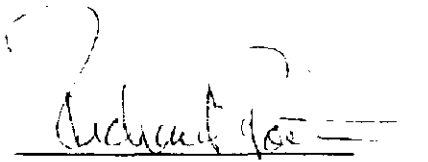
\$ 75.00	Non-Refundable Filing Fee
\$400.00	Hearing Session Fees (\$200 x 2 Sessions)

1. Claimant previously paid \$275.00 and is entitled to a refund.
2. Total forum fees in the amount of \$475.00 are hereby assessed against the Respondent, Dean Witter Reynolds, Inc. Respondent shall satisfy the fees assessed by reimbursing Claimant \$275.00

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

Sole Arbitrator's Signature


Richard H. Potter

Public Arbitrator

NASD Date of Decision: June 16, 1994