

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Rose Hedrick

93-03125

Name of Respondents

Dean Witter Reynolds, Inc.
Robert Berry

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on August 10, 1993, Claimant Rose Hedrick, who appeared Pro Se, alleged that Respondent Dean Witter Reynolds, Inc., through its registered representative, Respondent Robert Berry, purchased for her account, without her knowledge or consent over \$47,000.00 worth of MFS Intermediate Income Trust, although she had specifically authorized only \$5,000.00 for this security. The Claimant further alleged that the unauthorized purchases took place from September to December of 1992, but due to an illness, she was not able to contact the Respondents until December 1992, at which time Respondent Berry recommended other purchases to her, but failed to mention the unauthorized MFS Purchases. Claimant Rose Hedrick contended that she later discovered that this investment was partially made up of foreign securities, and had this been disclosed to her prior to her initial purchase, she would not have invested in this security. The Claimant also contended that she has suffered damages due to the wrongdoing of the Respondent, and that, therefore, they should be held liable in this matter.

Respondents Dean Witter Reynolds, Inc. and Robert Berry, through their in-house counsel, Janet T. Epstein, Esq., maintained that the risks and rewards of this investment were explained to the Claimant prior to her first purchase, and that Respondent Berry specifically referred to the foreign bond component of the portfolio because foreign bond yield was one of the best selling features of the investment. The Respondents also maintained that no misrepresentations were made, nor did they omit any material facts in presenting the MFS Intermediate Income Trust, and further maintained that the Claimant authorized each and every transaction, and that since she did not complain until 10 months after the first trade took place, she has ratified the purchases and has waived any right to recover the losses she claims.

RELIEF REQUESTED

Claimant Rose Hedrick requested \$6,264.69 in actual damages.

Respondents Dean Witter Reynolds, Inc. and Robert Berry requested that the claims of the Claimant be dismissed.

AWARD

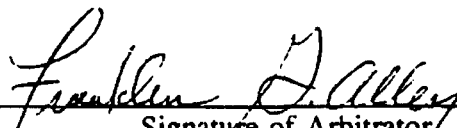
Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitration, Franklin G. Allen, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on July 27, 1993, by the Respondent Robert Berry on October 21, 1993, but not by Respondent Dean Witter Reynolds, Inc. as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

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. Respondents Dean Witter Reynolds, Inc. and Robert Berry are jointly and severally liable and shall pay to Claimant Rose Hedrick \$2,525.78 in actual damages.
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 Claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, FRANKLIN G. ALLEN, 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: March 16, 1994