

**NATIONAL ASSOCIATION OF SECURITIES DEALERS
AWARD**

In the Matter of the Arbitration Between

RONALD POKRES.

Claimant.

v.

NASD No. 93-3674

KEMPER SECURITIES, INC.,

Respondent.

Representation

For Claimant: Ronald Pokres, Glendale, California

For Respondent: Don Andrews, Esq. and Renan Sugarman, Esq. of Kemper Securities, Inc.,
Chicago, Illinois

Case Information

Statement of Claim filed: September 3, 1993

Claimant's Submission Agreement signed: September 3, 1993

Statement of Answer filed on: December 27, 1993

Respondent's Submission Agreement signed on: January 26, 1994

Hearing Information

Prehearing Conference Date/Session: None

Hearing Date/Sessions: August 17, 1994/one

Hearing Location: Los Angeles, California

Case Summary

Claimant alleged:

Negligence resulting in tax. penalties. interest and loss of use of funds for withdrawal of funds from claimant's Individual Retirement Account (hereinafter, IRA). In 1987, claimant requested respondent issue a check for \$5,200 from claimant's IRA to purchase a second mortgage from Univest Corp. for the same amount. Claimant was informed that due to company policy the check had to be issued to him and not to Univest as requested.

This rollover into a second mortgage generated monthly interest payments from Ronald Pokres IRA account at Univest to Ronald Pokres IRA at Kemper. These checks were mailed directly from Univest to Kemper, which Kemper accepted for four years. In 1991 or 1992, Kemper informed claimant that they would no longer accept these monthly checks. issued a 1099 and reported the latest rollover of \$30,000 to the Internal Revenue Service. At that time claimant was told a second mortgage was not a proper rollover.

Respondent alleged:

Claimant made the request that respondent's predecessor issue a check for \$5,200 from his IRA account. In complying with his request, claimant signed a Request for Withdrawal from his Self-Directed IRA, which indicated that he did not wish to have 10% withheld from his withdrawal. Directly above claimant's signature, the Withdrawal form provided that he understood that if he was not yet 59 1/2 years of age, any withdrawal from his IRA is generally deemed by the Internal Revenue Service to be a premature distribution and may therefore be subject to a penalty tax in addition to federal income taxes.

In March 1991, Kemper Clearing Corporation, (hereinafter, KCC) the clearing agent for respondent, received a Request for Distribution from IRAS and SEP-IRAS bearing claimant's signature. Claimant requested that \$30,000 be journaled form his SEP-IRA account into his joint account, that he did not wish to have taxes withheld and the form clearly stated that he understood any distribution might incur Internal Revenue Service penalties and might incur Federal Income Tax.

Relief Requested

Claimant requested:

1. Compensatory damages of \$14,750;
2. Penalties and interest payable by claimant to the Internal Revenue Service;
3. Interest or dividends on money claimant will have to pay the Internal Revenue Service.

Other Issues Considered and 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 determination as follows:

1. Each and every claim is dismissed;
2. The parties shall each bear their respective attorney's fees;
3. The parties shall each bear their respective costs.

Other Costs

None.

Forum Fees

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The National Association of Securities Dealers, Inc., shall refund \$200 of the \$400 hearing session deposit previously paid by the claimant. Forum fees are assessed against:

Claimant in the amount of \$200, already paid as part of the hearing deposit, leaving a balance of \$0, and

Respondent in the amount of \$200.

calculated as follows: one hearing session at \$400/hearing session, equals \$400.

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

Arbitration Panel

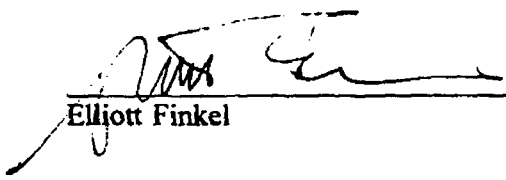
Name

Public/Industry

Elliott Finkel
Barry Snyder
Milton Bennett

Public
Public
Industry

Concurring Arbitrators' Signatures



Elliott Finkel

Barry Snyder

Milton Bennett

Date of Decision:

9-19-74

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Barry Snyder
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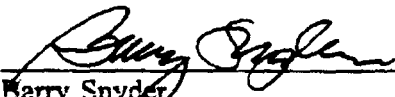
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