

**IN ARBITRATION  
UNDER CHAPTER XVIII OF THE RULES  
OF THE CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

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IN THE MATTER )  
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 )

Raymond K. Yeates and )  
Donna C. Yeates, )  
 )

Claimants, )  
 )

v. )

Arbitration File No. 93 NM 04

\_\_\_\_\_  
Jonny Waddle and )  
Dean Witter Reynolds Inc., )  
 )

Respondents. )  
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**AWARD**

Pursuant to Chicago Board Options Exchange ("CBOE") Rule 18.4 governing simplified arbitration procedures, Raymond K. Yeates and Donna C. Yeates ("Claimants") filed a Statement of Claim ("SOC") in the captioned dispute on or about December 7, 1993. Claimants supplemented the SOC on or about December 14, 1993. Jonny Waddle ("Waddle") and Dean Witter Reynolds Inc. ("Dean Witter") (hereinafter jointly referred to as "Respondents") submitted an Answer on or about February 3, 1994. The named parties had full opportunity to present written arguments and evidence for consideration by the agreed upon public arbitrator.

Claimants allege that Waddle mishandled their account and failed to limit losses in the account by not monitoring option positions in Wal-Mart Stores and Tiffany and Company in accordance with Claimants' instructions during June through August 1990. Further, Claimants maintain that the subject trades were solicited transactions. Claimants seek an award in the amount of \$9,800.00, approximately one and one-half (1 1/2) times the alleged losses in the subject account, against Respondents. Respondents assert that Waddle was diligent in learning Claimants' financial circumstances, market experience and investment objectives and that Waddle made recommendations based upon such information. Further, Respondents assert that account losses resulted from market risks that were beyond their control, the Gulf War, and from claimants' own trading decisions. Respondents request dismissal of the claim.

After due deliberation and consideration of the pleadings, documentary evidence, and other submissions of the parties, the undersigned arbitrator, in full and final settlement of the matter

in controversy, finds in favor of Respondents and renders no award. Said finding is based upon the following reasons, among other things:

1. Claimants indicated that their goal in opening their account was "speculation" rather than current income or long term capital gain.
2. Option trading (other than covered calls) is inherently a more risky proposition than other types of investment, particularly if one or two legs of a spread are separately removed, as was done in the subject account.
3. There was on-going contact between Waddle and Claimants during the time that the trades were in place.
4. The Gulf War did change many of the parameters of the market and is the type of unpredictable event that supervenes and changes market conditions.

Pursuant to CBOE Rule 18.33, the Exchange shall retain the forum fees in the amount of \$150.00 submitted by Claimants.

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Edna Selan Epstein, Public Arbitrator

6/27/94  
Date

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