

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the matter of the Arbitration Between

Name of Claimant(s)

Mildred G. Klug, by Power of Attorney
of her son, John Klug

NASD Arbitration
No. 94-00714

Name of Respondent(s)

IDS Financial Services, Inc.
Carol Kirchner

REPRESENTATION

For Claimant: Robert E. Martin, Esq., Portland, Oregon

For Respondents: Donald McNeil, Jr., Esq., Popham, Haik,
Schnobrich & Kaufman, LTD., Minneapolis, Minnesota

CASE INFORMATION

Statement of Claim filed: February 9, 1994

Claimant's Submission Agreement signed: February 3, 1994

Joint Statement of Answer filed by Respondents: June 8, 1994

Submission Agreement signed by Respondent IDS Financial Services,
Inc.: June 8, 1994

Respondent Carol Kirchner did not file a Submission Agreement. However, she appeared at the hearing and is subject to National Association of Securities Dealers, Inc. (NASD) jurisdiction in accordance with Section 12 of the NASD Code of Arbitration Procedure.

HEARING INFORMATION

Pre-Hearing Conference Date(s)/Session(s): None

Hearing Date(s)/Session(s): March 2, 1995 (one session)

Hearing Location: Portland, Oregon

CASE SUMMARY

Claimant alleged that as a result of the sale of certain stocks in Claimant's account, Claimant became responsible for federal capital gains income taxes and Oregon capital gains income taxes together with penalties. Claimant further alleged that the stocks would not have been sold but for the advice of IDS Financial Services, Inc.'s (IDS) employee, Carol Kirchner.

Respondents denied that they made any errors with respect to Claimant's investments resulting in capital gains taxes. Respondents further alleged that they provided appropriate investment services at a very reasonable cost to Claimant and that much of the tax liability incurred through the stock sale requested by Claimant would have been incurred anyway by stock sales necessary to meet the annual income goals set by Claimant. Respondents further alleged that in order to preserve its relationship with Claimant, IDS offered to pay half of the tax liability incurred by Claimant as a result of her investments.

RELIEF REQUESTED

Claimant requested:

1. Federal capital gains taxes in the amount of \$33,140.00;
2. Oregon capital gains taxes in the amount of \$9,494.00;
3. Interest;
4. Attorney fees;
5. Tax penalties; and
6. Dividends and increases in the stock values since the date of sale.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in either 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. Respondents IDS Financial Services, Inc. and Carol Kirchner are jointly and severally liable for and shall pay to Claimant the sum of \$34,083.00, in satisfaction of Claimant's claims.

2. The parties shall each bear their respective costs including attorney's fees.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following forum fees are assessed: The NASD shall refund the \$500.00 hearing session deposit previously deposited by the Claimant. Forum fees are assessed against: IDS Financial Services, Inc., solely, in the amount of \$500.00, calculated as follows: One hearing session times \$500.00/session.

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

ARBITRATORS

<u>Name</u>	<u>Public / Industry</u>
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Willard L. Cushing, Esq.

Public Arbitrator


Kim Trowbridge Buckley, Esq.

Public Arbitrator

Bryan K. Devendorf

Industry Arbitrator

Concurring Arbitrators' Signatures



Willard L. Cushing, Esq.

Kim Trowbridge Buckley, Esq.

Bryan K. Devendorf

Date of Decision: 3-18-95

Served 3/27/95