

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Sidney S. Rudman

94-02267

Name of Respondents

A.G. Edwards & Sons, Inc.
Alex Bigelow

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on June 15, 1994, Claimant Sidney S. Rudman, through his representative, Jeff Cahn, of PDJ Group, Inc, in Boca Raton, Florida, alleged that Respondents A.G. Edwards & Sons, Inc. and Alex Bigelow, omitted material facts in a sale of securities. Claimant further alleged that he met with Respondent Alex Bigelow, and informed him that he wished to consolidate all of his investment holdings, in excess of \$750,000.00, with one firm. Claimant contended that as part of the consolidation process, he requested of Respondent Alex Bigelow, information regarding the feasibility of "rolling over" his Single Premium Deferred annuity held with the Northbrook Life Insurance Company. Claimant further contended that Respondent Alex Bigelow, never suggested to Claimant that this transaction could have a significant impact on his Federal Income Tax Liability, nor did he recommend that it be investigated prior to any surrenders. Claimant alleged that, relying upon Respondent Alex Bigelow's advice, he liquidated his annuity on September 10, 1993, which caused his Federal Income Tax Liability to increase by \$7,882.00, for which Respondents should be held liable.

Respondents A.G. Edwards & Sons, Inc. and Alex Bigelow, through their representative, William S. Port, Esq., St. Louis, MO, maintained that Respondent Alex Bigelow, initially suggested that Claimant roll his Northbrook annuity into a different annuity, but Claimant insisted that his assets remain more liquid than was possible from an annuity investment. Respondents further maintained that during subsequent discussions on liquidating the annuity, Respondents informed Claimant of the tax ramifications that would result from liquidation. Respondents contended that Claimant authorized them to liquidate his Northbrook annuity, and Claimant's written instructions to Northbrook on that matter indicated that he recognized the tax ramifications associated with liquidation. Respondents further contended that Claimant overstated the tax implication of his annuity liquidation. As a result of the above, Respondents maintained that they should not be held liable in this matter.

RELIEF REQUESTED

Claimant Sidney S. Rudman, requested \$7,882.00 in compensatory damages, pre-award and post award interest at the maximum rate allowed by law, punitive damages in an amount to be determined by the arbitrator, costs and expenses including reasonable consulting fees.

Respondents A.G. Edwards & Sons, Inc. and Alex Bigelow, requested that the claims of the Claimant be dismissed in their entirety, and that they be awarded expenses and costs associated with the defense of this action, including reasonable attorney's fees.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Nancy J. Cliff, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on May 18, 1994, by Respondent A.G. Edwards & Sons, Inc. on August 10, 1994, and by Respondent Alex Bigelow on August 1, 1995.

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. The claims of the Claimant Sidney S. Rudman, against Respondents A.G. Edwards & Sons, Inc. and Alex Bigelow, are dismissed in their entirety.
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

STATE OF FLORIDA

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COUNTY OF DADE

I, NANCY J. CLIFF, do hereby affirm upon my oath
as arbitrator that I am the individual described in and who executed this instrument,
which is my oath and award.

5/31/95
Date

[Signature]
Signature of Arbitrator

Date of Decision: June 16, 1995