

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

J. C. Bradford & Co.

95-00568

Name of Respondent(s)

William L. & Diane L. Hilliard

REPRESENTATION

For Claimant appeared Claude O. Ramer, II, Esq. of J.C. Bradford & Co.

Respondents appeared Pro Se.

CASE INFORMATION

The Statement of Claim was filed on February 3, 1995. Claimant's Submission Agreement was signed on February 1, 1995.

Reply to Counterclaim was dated July 18, 1995.

The Statement of Answer and Counterclaim was filed by Respondents on April 12, 1995. Respondents Submission Agreement was signed on May 11, 1995.

HEARING INFORMATION

Pre-Hearing Conference:	December 13, 1995-	One Session
	April 11, 1996-	One Session
Hearing Dates/Sessions:	December 14, 1995-	Two Sessions
	April 15, 1996-	Two Sessions
	April 16, 1996-	Three Sessions

The hearing was held at the Windam Garden Hotel, in Atlanta, Georgia.

CASE SUMMARY

Claimant alleged that Respondents held a margin account with Hanifen, Imhoff, Inc. and transferred their account to J.C. Bradford & Co. with a market value of \$701,567.00 and a margin debt of \$362,489.15.

Claimant next maintained that Respondents signed a margin agreement which provided that they would at all times maintain equity in their account at the level required by Claimant. Claimant further maintained that the principal holding in Respondents' portfolio was 100,500 shares of Beta Well Service, Inc. ("BETA") and that on October 12, 1994, the American Stock Exchange delisted BETA from trading on the exchange causing the price to decline to \$1.00 per share. Claimant also maintained that this event resulted in a margin call of \$454,337 and that Respondents failed to meet this or subsequent margin calls. Further, Claimant maintained that pursuant to the margin agreement, it liquidated \$187,590.21 in securities from Respondents' account and that since BETA is only worth \$1.00 and carried on "pink sheets", there is no readily available public market for the stock. Claimants also maintained that they have been unable to liquidate the securities in Respondents' account in an amount sufficient to satisfy their indebtedness.

Respondents maintained that they were misled into transferring their account to Claimant and that Claimant was negligent and failed to live up to the customer agreement. Respondents next maintained that Claimant jeopardized their account by putting them into more shares of BETA and that Claimant prevented them from purchasing stocks on their own by the unavailability of their broker. Respondents further maintained that Claimant was negligent by not completing the proper paperwork and by not executing trades in a timely manner. Respondents also maintained that Claimant could have sold their shares of Beta at a higher price when it liquidated their account.

Respondents asserted a counterclaim maintaining that they were misled into transferring their account to Claimant and that they could have transferred into another stock had a broker been available. Respondents also maintained that Claimant had a large window of opportunity to sell their shares of Beta at a higher price which would have given them a surplus in their margin account.

In response to the counterclaim, Claimant maintained that the counterclaim appears to be an effort on Respondents' part to hold Claimant responsible for losses they sustained in their account and their indebtedness to it due to their purchases of BETA stock. Claimants further maintained that Respondents should be held accountable for their own trading decisions. Claimants also maintained, that as investors, respondents were well aware of the risks involved with owning securities on margin.

RELIEF REQUESTED

Claimant requested damages against Respondents in the sum of \$279,210.00, plus pre and post award interest, costs and attorney's fees.

Respondents requested damages against Claimant in the sum of \$349,002.85, plus interest, punitive damages and attorney's fees. Respondents also requested a dismissal of the Statement of Claim.

OTHER ISSUES CONSIDERED & 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 original remains 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 William L. and Diane L. Hilliard be and hereby are liable and shall pay

Claimant the sum of \$260,049.17, inclusive of interest through March 31, 1996.

2. Respondents William L. and Diane L. Hilliard be and hereby are liable and shall pay Claimant the sum of \$12,750.00 representing attorney's fees pursuant to the Customer Agreement signed by the Respondents.
3. Respondents William L. and Diane L. Hilliard be and hereby are liable and shall pay Claimant the sum of \$1,250.00 to reimburse it for fees previously paid to the NASD..
4. The counterclaim of Respondents William L. and Diane L. are dismissed in their entirety.
5. All other claims are hereby denied.

OTHER COSTS

Respondents subpoenaed certain individuals and were informed that if the testimony was found unnecessary, they would be liable to reimburse those individuals; the panel found the testimony unnecessary.

Respondents be and hereby are liable and shall pay to the following individuals;

- | | | |
|-----|--------------------|----------|
| (a) | Brenda Nance | \$571.00 |
| (b) | Judy Upchurch-Page | \$571.00 |
| (c) | Randy Hill | \$126.30 |

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the arbitrators have determined that the NASD shall retain the \$500.00 non-refundable filing fee submitted by Claimant and the \$200.00 fee submitted by Respondent and have assessed the following forum fees:

2 Pre-Hearing Sessions x \$300 =	\$600
7 Hearing Sessions x \$750 =	\$5,250

The Respondents are liable and shall pay to the NASD the sum of \$5,850.00. Claimant previously submitted a hearing session deposit of \$750.00 and Respondents submitted a hearing session deposit of \$750.00. Therefore the net due is \$4,350.00.

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

ARBITRATOR'S SIGNATURE



A. Keith Logue, Esq.
Public Arbitrator

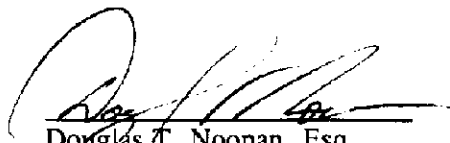
NASD Date of Decision: May 9, 1996

Walter S. Hay
Walter S. Hay
Industry Arbitrator

Douglas T. Noonan, Esq.
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Public Arbitrator

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