

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Lorena V. Manrod

95-00634

Name of Respondents

A.G. Edwards & Sons, Inc.
Robert A. Lyons

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on February 7, 1995, Claimant Lorena V. Manrod, ("Claimant"), through her representative, Donald M. Feferman, Esq., of Feferman & Rehler, L.L.P., located in Corpus Christi, TX, alleged that Respondents A.G. Edwards & Sons, Inc. ("AGES") and Robert A. Lyons ("Lyons"), made recommendations which were inappropriate given her formal education, income and financial prospects for the future which she followed to her detriment. Claimant further alleged that in 1990 she opened an account with AGES which was managed by Lyons. Claimant contended that in 1993 Lyons put \$15,000.00 worth of Zero Coupon Bonds on margin in the account and also purchased shares of Casino Magic Corporation and that both of these transactions were poor investments. Claimant further contended that Lyons persuaded her to open an option trading account which also was not profitable and which she did not understand. Claimant alleged that as a result of the above, she has suffered a loss for which the Respondents should be held liable.

Respondents A.G. Edwards & Sons, Inc., and Robert A. Lyons, through their representative and in-house counsel, William S. Port, Esq., maintained that Claimant opened two accounts with AGES in February of 1990; an Individual Retirement Account and a single account. Respondents further maintained that the single account was opened with investment objectives of safety of principal, income and growth. Respondents contended that in July of 1992, Claimant met with Lyons and expressed a desire to raise \$10,000.00 in order to purchase a truck. Respondents further contended that Claimant agreed to borrow the money for the truck through placing the securities in the account on margin. Respondents maintained that Claimant also used the margin account to borrow money for other personal expenses and never made deposits to repay the loans. Respondents further maintained that Zero Coupon Bonds are the most secure investment a customer can make through a broker/dealer and that Claimant executed an Option Account Agreement form which discloses the risks of this type of investing. Respondents contended that as a result of the above, it should not be held liable.

RELIEF REQUESTED

Claimant Lorena V. Manrod, requested \$10,000.00 in actual damages.

Respondents A.G. Edwards & Sons, Inc., and Robert A. Lyons, requested that the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Leighton E. Moss, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Lorena V. Manrod, on February 1, 1995, and by the Respondent A.G. Edwards & Sons, Inc., on March 20, 1995, and by Respondent Robert A. Lyons, on March 17, 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 Respondents A.G. Edwards & Sons, Inc., and Robert A. Lyons, are jointly and severally liable and shall pay to the Claimant Lorena V. Manrod, \$3,680.00 in actual damages.
2. The parties shall bear their respective costs.
3. All other relief requests are denied.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Lorena V. Manrod, shall be retained by the NASD, Inc. The Respondents A.G. Edwards & Sons, Inc., and Robert A. Lyons, are jointly and severally liable and shall pay to the Claimant Lorena V. Manrod, \$150.00 as reimbursement of the filing fee.

AFFIRMATION

I, LEIGHTON E. MOSS, ESQ., do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.



Leighton E. Moss, Esq.

DATE OF DECISION: October 23, 1995