

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

William J. McHale

95-02158

Name of Respondents

Dean Witter Reynolds, Inc.
Kenneth J. Blake

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 4, 1995, Claimant, William J. McHale, who appeared Pro Se, alleged that Respondents, Dean Witter Reynolds, Inc., ("DWR") and Kenneth Blake ("Blake") misrepresented the stock of Zeos International Ltd. ("Zeos"). Claimant further alleged that on June 16, 1992, Respondent Blake, a representative of Respondent DWR, represented that Zeos had \$6.00 in cash per share and would be a very safe investment. Claimant contended that pursuant to Respondent Blake's recommendations, he purchased 1,000 shares of Zeos for a total investment of \$6,481.00. Claimant further contended that thirty days later, a local newspaper article indicated that Zeos was, in fact, not cash rich but cash poor which caused the value to decline. Claimant alleged that he was forced to sell his Zeos shares and incur a loss of \$3,446.00. Claimant further alleged that Respondent Blake assured him that he would "take care" of him but has failed to do so. As a result of the above, Claimant alleged that he has suffered a loss for which Respondents should be held liable.

Respondents, Dean Witter Reynolds, Inc., and Kenneth Blake, through their representative, Janet T. Epstein, Esq., in-house counsel for Dean Witter Reynolds, Inc., maintained that the Claimant is a sophisticated investor with a history of speculating in a variety of stocks and options, who began trading in Zeos back in 1990 and who has profited handsomely over his three years of Zeos trading. Respondents further maintained that they do not guarantee their investment recommendations nor can they protect their customers from risk when they engage in speculative trading. Respondents contended that their recommendation to invest in Zeos was based upon then publicly available market information. As a result of the above, Respondents maintained that they should not be held liable.

RELIEF REQUESTED

Claimant, William J. McHale, requested \$3,446.00 in actual damages.

Respondents, Dean Witter Reynolds, Inc., and Kenneth Blake, 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, James H. Colburn, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant, William J. McHale, on May 1, 1995, and by the Respondent, Dean Witter Reynolds, Inc., on August 8, 1995, and by Respondent, Kenneth Blake, on July 27, 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, William J. McHale, against Respondents, Dean Witter Reynolds, Inc., and Kenneth Blake, are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, William J. McHale, shall be retained by the NASD, Inc.

AFFIRMATION

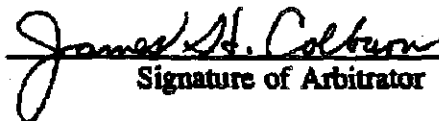
STATE OF MINNESOTA

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ss:

COUNTY OF HENNEPIN

I, JAMES H. COLBURN, 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.


Signature of Arbitrator

DATE OF DECISION: October 24, 1995