

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Thomas H. Lambie

95-03553

Name of Respondent

A.G. Edwards & Sons, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 21, 1995, Claimant Thomas H. Lambie ("Claimant"), who appeared Pro Se, alleged that Respondent A.G. Edwards & Sons, Inc. ("Respondent") through its representative purchased 5,100 shares of Evro stock. Claimant further alleged that Respondent failed to inform him that it is a the high risk, speculative, penny stock. Claimant contended that Evro was unsuitable for his individual retirement account's objective and growth. Claimant further contended that he is not choosing the losses and ignoring the gains because there is a pattern of losses associated both he and his wife's accounts while he only complains of the Evro trade. Claimant alleged that as a result of the above, he has suffered a loss for which the Respondent should be held liable.

Respondent A.G. Edwards & Sons, Inc. through its representative and in-house counsel, Hope Johnson, Esq., maintained that on November 21, 1989, Claimant opened an individual retirement account with it giving a primary investment objective of growth. Respondent further maintained Claimant received prompt notification of all account activity along with monthly account statements. Respondent contended that Claimant has focused on one transaction while ignoring several profitable trades producing an annual rate of return of at least 10%. Respondent further contended that Claimant's trading experience demonstrates his knowledge that the risk of loss and the potential for gain are market determined. Respondent maintained that Evro's stock price was contingent on FDA product approval, that the approval was denied, that Claimant knew of this information before purchase and accepted the risk of a denial. Respondent further maintained that Evro was suitable because it was a growth stock and moreover, it was not a significant part of Claimant's portfolio. Respondent contended that it made a settlement offer not because it was wrong but simply to avoid the expense of arbitration. Respondent further contended that as result of the above, it should not be held liable.

RELIEF REQUESTED

Claimant Thomas H. Lambie requested \$1,954.60 in actual damages.

Respondent A.G. Edwards & Sons, Inc. 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, J. Miles Goodwin, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on August 16, 1995, and by the Respondent on October 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 Respondent A.G. Edwards & Sons, Inc. is liable and shall pay to the Claimant Thomas H. Lambie \$1,600.00 in actual damages.
2. The parties shall bear their respective costs.
3. The \$50.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. The Respondent A.G. Edwards & Sons, Inc. shall pay to the Claimant Thomas H. Lambie \$50.00 as reimbursement of the filing fee.
4. All other relief requests are denied.

AFFIRMATION

I, **J. MILES GOODWIN**, 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.



J. Miles Goodwin

DATE OF DECISION: May 8, 1996