

AWARD

NASD Regulation, Inc. Office of Dispute Resolution

In the Matter of the Arbitration Between

Name of Claimant

Michael Sanford,

and

96-00090

Name of Respondent

Broker Transaction Services, Inc.

REPRESENTATION OF PARTIES

For Claimant: Claimant Michael Sanford ("Sanford") was represented by Dino E. Viera, Esq. of Fellers, Snider, Blankenship, Bailey & Tipp in Oklahoma City, Oklahoma.

For Respondent: Respondent Brokers Transaction Services, Inc. ("BTS") was represented by Will S. Montgomery, Esq. of Jenkins & Gilchrist in Dallas, Texas.

CASE INFORMATION

Claimant's Statement of Claim filed on: January 5, 1996.

Claimant's Submission Agreement signed on: January 22, 1996.

Claimant's Brief filed on: February 14, 1997.

Claimant's Reply Brief filed on: February 28, 1997.

Respondent's Statement of Answer filed on: April 9, 1996.

Respondent's Submission Agreement signed on: April 4, 1996 by Jerome S. Wade, General Counsel for BTS.

Respondent's Response Brief filed on: February 27, 1997.

CASE SUMMARY

Claimant alleged unsuitability, fraud, and unregistered security sale. Sanford specifically alleged that:

1. On August 31, 1993, Sanford opened a BTS account with broker Scott Stoeber.
2. Sanford defined his objectives as low-risk, and long-term growth with a small investment in higher risk options. In the present case, Sanford only challenges the

low-risk, long-term growth recommendations, not the high risk option recommendations.

3. In spite of Sanford's conservative investment objectives, BTS recommended several highly speculative stocks without informing Sanford of their high-risk nature.

4. BTS recommended *Stateside Energy Corp.* ("Stateside"). BTS has not registered their security with the Oklahoma Department of Securities and therefore, BTS should not have sold the stock to Sanford.

5. Additionally, Stoevers also fraudulently induced Sanford into paying \$1,500.00 to participate in an illegal chain letter/ pyramid scheme.

Respondents denied the allegations set forth in the Statement of Claim. Respondents specifically stated:

6. Sanford defined his objectives to include "greater risk".

7. Sanford discussed speculating in low-priced, large-quantity stock purchases for short-term gain.

8. Sanford thoroughly researched each security before investing. Sanford, not BTS, made all investment decisions.

9. Sanford did not object to any trade until the security decreased in value.

10. While Stateside was unregistered, the sale of Stateside was unsolicited and therefore, proper.

11. Affirmative defenses including estoppel, waiver, laches, statute of limitations, ratification, and statute of frauds bar Sanford's claim.

RELIEF REQUESTED

Claimant requested an award in the amount of \$26,332.00 plus interest, costs, and reasonable attorneys' fees.

Respondents denied the claims asserted against them and asked the panel to award them costs and attorneys' fees.

OTHER ISSUES CONSIDERED & DECIDED

Pursuant to §10303 of the NASD Code of Arbitration Procedure (the "Code"), the parties waived their right to a hearing and requested jointly in writing on January 17, 1997 that the matter be resolved solely upon the pleadings and documentary evidence in accordance with §10302 of the Code. The undersigned arbitrators considered the request and determined that the request was granted.

AWARD

Pursuant to §10302 of the Code, the undersigned arbitrators were selected to review and determine the matter in controversy between the parties set forth in submissions to arbitration.

The undersigned arbitrators, having considered the proof of the parties, have decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Recession of the sale of 10,000 shares of Stateside Energy Corporation stock for the purchase price of is awarded. The Respondent Broker Transaction Services, Inc. is liable for and shall pay to Claimant Michael Sanford the sum equal to said purchase price of \$16,333.51. Claimant Michael Sanford is ordered to return the stock certificate representing the 10,000 shares of Stateside Energy stock to Respondent Broker Transaction Services, Inc.;
2. Respondent Broker Transaction Services, Inc. is liable for and shall pay to Claimant Michael Sanford the sum of \$3,266.70 in interest;
3. Respondent Broker Transaction Services, Inc. is liable for and shall pay to Claimant Michael Sanford the sum of \$500.00 as attorneys' fees. In determining to award attorneys' fees, the arbitrators considered the pleadings and the evidence presented by the parties as well as 71 O.S. 1994, § 408 of the Oklahoma Department of Securities, the legal authority provided by the Claimant;
4. The parties shall bear their own costs of arbitration except for those enumerated herein; and
5. The \$100.00 filing fee and the \$400.00 hearing session deposit previously deposited with the NASD Regulation, Inc. Office of Dispute Resolution by the Claimant shall be retained by the NASD Regulation, Inc. Office of Dispute Resolution. NASD Regulation, Inc. Office of Dispute Resolution shall retain the \$200.00 postponement fee submitted by the Claimant and the \$200.00 postponement fee by the Respondent. NASD Regulation, Inc. Office of Dispute Resolution shall also retain the \$200.00 member surcharge previously submitted by the Respondent.

Respondent Brokers Transaction Services, Inc. is liable for and shall pay to Claimant Michael Sanford the amount of \$200.00 as reimbursement; and

6. Any relief not specifically granted is hereby denied in its entirety.

AFFIRMATION

We, Leroy J. Patton, Esq., Ira W. Painton and Leslie L. Connor, Esq., do hereby affirm upon our oaths as arbitrators that we are the individuals described herein and who executed this instrument, which is our oath and award.

Signed:

Dated:

Leroy Patton, Esq.
Leroy Patton, Esq.
Public Arbitrator, Presiding Chair

April 24, 1997

Leslie L. Connor, Jr., Esq.
Leslie L. Connor, Jr., Esq.
Public Arbitrator

April 30, 1997

Ira W. Painton
Ira W. Painton
Industry Arbitrator

May 2, 1997

For NASD Regulation, Inc. office use only:

Date served by the NASD Regulation, Inc. Office of Dispute Resolution: May 8, 1997

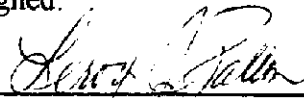
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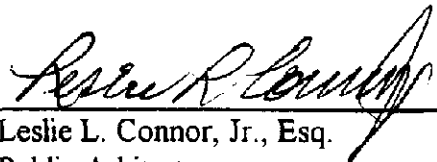
Signed:



Leroy Patton, Esq.
Public Arbitrator, Presiding Chair

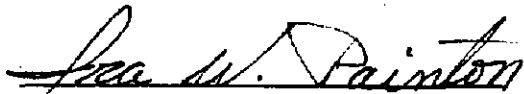
Dated:

4/24/97



Leslie L. Connor, Jr., Esq.
Public Arbitrator

4/20/97



Ira W. Panton
Industry Arbitrator

5-2-97