

NASD REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

Name of Claimant

Deborah Wolrich

96-01361

Name of Respondent

Dean Witter Reynolds Inc.
Roger L. Cahn

REPRESENTATION

Claimant Deborah Wolrich ("claimant") was represented by Louis Lerner of Newton, Massachusetts.

Respondents Dean Witter Reynolds Inc. ("Dean Witter") and Roger L. Cahn ("Cahn") were represented by Debra A. Roth, Esq., Vice President and Senior Attorney of Dean Witter - - - Reynolds Inc.

CASE INFORMATION

Statement of Claim was filed on March 22, 1996. Claimant's Submission Agreement was signed on March 21, 1996. Claimant's additional pleading and documentary evidence was filed on September 18, 1996.

Statement of Answer was filed on May 20, 1996. Dean Witter's Submission Agreement was signed on May 10, 1996. Cahn's Submission Agreement was signed on April 22, 1996. Respondents' additional documentary evidence was filed on September 23, 1996.

CASE SUMMARY

Claimant alleged that, on March 12, 1991, she opened an account with Cahn at Dean Witter and invested \$96,000.00 in a Sears CD and \$4,000.00 in Dean Witter Sears Liquid Assets. Claimant further alleged that, in March 1993, Cahn contacted her and they decided to liquidate the CD's and transfer her assets into something that would give her a higher income. Claimant asserted that, on March 23, 1993, Cahn purchased 400 Chemical Bank preferred shares ("Chemical"), 2500 Freeport McMoran LTD partnership shares ("Freeport") and 48,000 ICH Corporation bonds ("ICH"). Claimant further asserted that she did not understand the different risks involved in the different types of investments available and that Cahn did not discuss the risks with her.

Claimant alleged that, in April 1994, she asked Cahn to get her funds out of the market. Claimant further alleged that, on April 12, 1994, which was before she spoke to Cahn, he had sold the Chemical shares and purchased 475 additional Freeport shares. Claimant asserted that, on April 25, 1994, Cahn liquidated her holdings in Freeport and ICH and purchased Shawmut and ONBANK CD's. According to claimant, a friend of hers told her that she made a mistake investing in CD's and she spoke to Cahn about this. Claimant contended that, without her knowledge, Cahn sold the CD's on June 9, 1994 and purchased 1,300 shares of Long Island Lighting Company ("LILCO") preferred stock and 75,000 ICH bonds and, on June 14, 1994, he purchased an additional 14,000 ICH bonds.

Claimant alleged that, in October 1995, ICH filed for bankruptcy. Claimant further alleged that the purchase of the 89,000 ICH bonds was never authorized by her; that Cahn should have known that the degree of risk and the lack of diversification in her portfolio was inappropriate for a person of limited means; and that Dean Witter should have been aware of her net worth, investment goals and her tolerance for risky investments and limited diversification.

Respondents maintained that they were not responsible for claimant's losses because she invested in ICH based upon her friend's recommendation. In addition, respondents maintained that Cahn advised claimant that he was concerned about the suitability of her investments and that he explained to her these investments presented a greater risk to her principal than her CD's had. Respondents contended that, in April 1994, upon Cahn's advice, claimant agreed to sell her shares of ICH and Freeport and to purchase CD's.

Respondents maintained that six weeks later, in late May 1994, claimant contacted Cahn and, based upon her friend's advice, she directed him to sell the CD'S and repurchase the ICH bonds and LILCO preferred stock. Respondents contended that Cahn was unable to discourage claimant from making these investments and, therefore, he followed her instructions.

RELIEF REQUESTED

Claimant requested \$91,064.06, the amount of the purchase of ICH bonds in June 1994. Claimant later amended her statement of claim and requested \$9,188.56 in actual damages.

Respondent requested that the Statement of Claim be dismissed and that they be awarded their costs in defending this arbitration.

OTHER ISSUES CONSIDERED AND DECIDED

On August 20, 1996, claimant requested leave of the panel to amend the Statement of Claim to reduce the amount of damages \$9,188.56. This request was granted by the panel of arbitrators.

In accordance with Rule 10332(c) (formerly Section 14) of the Code of Arbitration Procedure, all parties consented to waive their right to a hearing in this matter. Therefore, this matter was decided solely upon the pleadings and the additional documentary evidence submitted by the parties.

AWARD

After considering the pleadings and the documentary evidence, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All claims against Dean Witter and Cahn be and hereby are dismissed in their entirety.
2. The parties shall bear their respective costs, including attorneys' fees.
3. All other claims are hereby denied.

FORUM FEES

Pursuant to Rule 10332(c) (formerly Section 43(c)) of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$150.00 non-refundable filing fee previously deposited by claimant and have assessed a fee of \$75.00 against claimant for the simplified arbitration. Claimant previously deposited \$500.00 with the NASD, which shall be applied toward the total amount assessed. The balance of \$425.00 shall be refunded to claimant.

Arbitrators' Signatures

Kinchen C. Bizzell
Kinchen C. Bizzell, Esq., CFA
Chairperson-Public Arbitrator

Joseph L. McElroy
Public Arbitrator

Leon Goldsholl
Industry Arbitrator

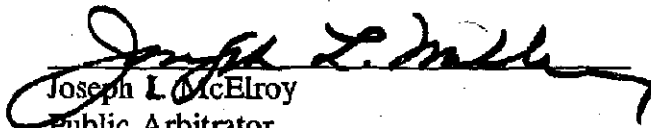
Date of decision: February 24, 1997

I, Kinchen C. Bizzell, Esq., CFA, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Kinchen C. Bizzell
Kinchen C. Bizzell, Esq., CFA

Arbitrators' Signatures

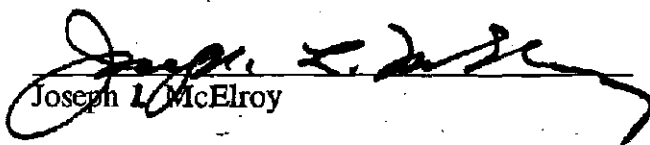
Kinchen C. Bizzell, Esq., CFA
Chairperson-Public Arbitrator


Joseph L. McElroy
Public Arbitrator

Leon Goldsholl
Industry Arbitrator

Date of decision: February 24, 1997

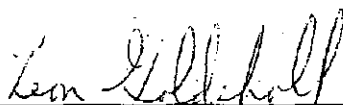
I, Joseph L. McElroy, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.


Joseph L. McElroy

Arbitrators' Signatures

Kinchen C. Bizzell, Esq., CFA
Chairperson-Public Arbitrator

Joseph L. McElroy
Public Arbitrator



Leon Goldsholl
Industry Arbitrator

Date of decision: February 24, 1997

I, Leon Goldsholl, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Leon Goldsholl