

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Clair Edward Herron, Jr.

96-02196

Name of Respondent(s)

Stratton Oakmont, Inc.

CASE SUMMARY

In a case filed with the National Association of Securities Dealers, Inc. on May 13, 1996, claimant Clair Edward Herron, Jr. ("Herron"), who appeared pro se, alleged that April Weiner ("Weiner"), a senior Vice President employed by respondent Stratton Oakmont, Inc., ("Stratton"), failed to fulfill her commitments, did not follow his verbal directions, and provided false investment information on business conditions that did not exist. According to claimant, Weiner guaranteed him that she would routinely communicate with him, personally follow his investments, maximize his profits, and advise him to sell the stocks if there was more than a 20% variation. Herron also contended that he informed Weiner that he "didn't want to get into anything risky."

Herron maintained that Weiner persuaded him to invest in a stock called Select Media by stating that she had a direct contact with upper management in this company and that a "big announcement" was pending and "that she hadn't had an investment as good as this in years." Herron maintained, however, that after the stock was purchased it lost 50% of its value. Herron alleged that Weiner stated that the underwriter had gone bankrupt but that he shouldn't worry because Select Media was a good company which would come back and which still had a big announcement pending. Herron contended that after the stock decreased further, Weiner stated that market conditions were not favorable for Select Media and suggested purchasing Dual Star. Claimant averred that although he declined to purchase this stock, without his authorization, Weiner purchased \$1000.00 worth of Dual Star stock.

Respondent Stratton Oakmont, Inc., through its representative, Andrew F. Greitz, Jr., of the law firm Wexler & Burkhart, P.C., in Mitchel Field, New York, contended that all transactions which occurred in claimant's account were carried out in accordance with his instructions and in conformity with all applicable rules, regulations, industry standards and practices. Stratton maintained that the recommendations were reasonably based and suitable in light of claimant's stated investment objectives, that at all times the account and the activities of Stratton's registered representatives were properly supervised, and that each and every trade was made with the prior knowledge and consent of claimant. Moreover, respondent averred that claimant's receipt of confirmations and account statements without written or other appropriate objection, constituted ratification and acceptance of the transactions.

RELIEF REQUESTED

Claimant Clair Edward Herron, Jr., requested \$10,000.00 in actual damages.

Respondent Stratton Oakmont, Inc., requested that the panel (i) dismiss the Statement of Claim in its entirety, (ii) award respondent its costs and expenses of this arbitration, including reasonable attorneys' fees, and (iii) grant respondent such other and further relief as is just and proper.

AWARD

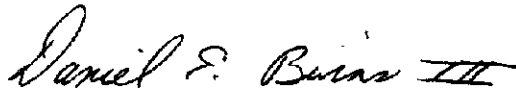
Pursuant to Section 10302 of the NASDR, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Daniel Eugene Bivins III, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the claimant Clair Edward Herron Jr. on May 13, 1996 and by respondent Stratton Oakmont Inc., on July 1, 1996.

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. Respondent Stratton Oakmont, Inc. is liable and shall pay to claimant Clair Edward Herron, Jr. **SEVEN THOUSAND THREE HUNDRED EIGHTY FIVE DOLLARS** (\$7,385.00) plus interest at the rate of 8% per annum from February 14, 1995 until the award is paid in full.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Clair Edward Herron, Jr., shall be retained by the NASD Regulation, Inc. Respondent Stratton Oakmont, Inc. is liable and shall pay to the Claimant Clair Edward Herron, Jr., \$150.00 as reimbursement of the filing fee.
4. All other relief requests are denied.

AFFIRMATION

I, **Daniel E. Bivins III**, 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: December 9, 1996