

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Orville G. and Carol L. Ransford JTWROS

96-02731

Name of Respondent

Josephthal Lyon & Ross Inc.

CASE SUMMARY

In a case filed with the National Association of Securities Dealers Regulation, Inc. on June 26, 1996 claimants Orville and Carol Ransford ("claimants"), who appeared Pro Se, alleged that respondent Josephthal, Lyon & Ross, Inc. ("JLR") purchased the wrong security for their account. Claimants further alleged that on July 7, 1993, James Greene ("Greene") a employee of JLR phoned and recommended that they buy Laser Vision Centers, Inc., ("LVCI"). Claimants also alleged that assuming that Greene was honest they purchased 500 shares of LVCI common. Claimants asserted that on August 19, 1993, Greene called again urging them to buy more LVCI, so they bought 500 more common shares. Claimants further asserted that on October 18, 1993, Greene called and told them they should buy 1000 more shares of LVCI common. Claimants also asserted that they explained to Greene that they did not have enough money, so Greene recommended that they sell their shares of Tapestro International ("TAP") in order to buy LVCI common. Claimants contended that having the confidence in Greene they sold TAP and instructed Greene to use the proceeds, plus the money in their account to purchase as many shares of LVCI common as the money would cover.

Claimants further contended that three or four days later they received a confirmation and discovered that JLR had purchased 1500 LVCI "A" warrants at a cost of \$3,946. Claimants also contended that not only had JLR purchased the wrong stock, they also spent more money than they had in their account. Claimants alleged that they knew nothing about warrants or margin accounts. Claimants further alleged that on October 22, 1993, they called Greene and objected to what had been done. Claimants also alleged that Greene assured them that the warrants were a better deal than the common. Claimants asserted that accepting his commentary and understanding that the purchase of the warrants was closed, they kept the warrants. Claimants further asserted that on August 2, 1994, the LVCI "A" warrants expired. Claimants also asserted that they did not know what expired warrants meant, had they know what expired warrants meant, they would have sold them before they became worthless. Claimants contended that Greene has since left JLR, and they have been unable to locate him. Claimants further contended that JLR failed to properly supervise Greene adequately.

Respondent JLR through its representative and Deputy General Counsel Robert E. Murphy maintained that when Greene joined their firm on February 20, 1992 he had a clean U-4. Respondent further maintained that whatever the original instruction had been regarding the LVCI purchase on October 22, 1993, claimants ratified the margin purchase of 1500 warrants by agreeing to keep the warrants.

Respondents also maintained that to the extent that such action as alleged was due to the issue of the purchase of the warrants being closed, does not explain why the margined warrants were not sold immediately. Respondents contended that claimants executed a margin agreement, accepted the 1500 warrant purchase on margin and in fact never mentions an objection to the margining of 100 shares of Kmart of 1000 shares of LCVI common which occurred on October 26, 1993.

Respondent further contended that claimant was sent a truth-in-lending statement by JLR's clearing firm, when the customer agreement was executed. Respondent also contended that claimants did have prior experience in warrants through another account executive at its West Palm office. Respondent maintained that claimants did authorize a margin account in 1992, went on margin in 1993 and stayed on margin until the account closed on August 3, 1994. Respondent further maintained the claimants fail to show on one occasion how JLR failed to supervise Greene.

RELIEF REQUESTED

Claimants Orville and Carol Ransford requested \$9909 plus treble damages.

Respondent JLR requested that the claims of claimants be dismissed in their entirety.

AWARD

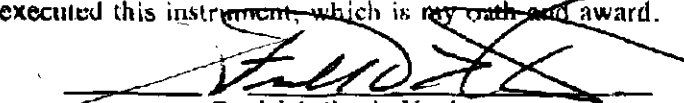
Pursuant to Rule 10302 of the Code of Arbitration Procedure, a single Public Arbitrator Fredrick Davis Huebner, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by claimants Orville and Carol Ransford on June 21, 1996 and by respondent Josephthal Lyon & Ross, Inc. on October 2, 1996 as required by Rules 10301 and 10302 of the Code of Arbitration Procedure.

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 claimants Orville and Carol Ransford against respondent Josephthal Lyon & Ross, Inc. are dismissed in their entirety.
2. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers Regulation, Inc. by claimants shall be retained by NASD Regulation, Inc.

AFFIRMATION

I, **Fredrick Davis Huebner**, do hereby affirm upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.


Fredrick Davis Huebner

Date of Decision: April 30, 1997