

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Paul J. Pfeilsticker

96-02826

Name of Respondent

Christopher S. Channer

CASE SUMMARY

In a case filed with the National Association of Securities Dealers Regulation, Inc. on June 28, 1996, claimant Paul J. Pfeilsticker ("Pfeilsticker"), who appeared pro se, alleged that Chris Channer ("Channer") a broker with The Chicago Corporation ("TCC") churned his account and invested in unsuitable securities. Pfeilsticker alleged that he was seeking greater total yield for his IRA account and that he contacted Channer regarding the investment product called The Security Analysts Focus Portfolio (the "portfolio"). In addition, claimant contended that Channer informed him that the portfolio was appropriate for an IRA account. According to claimant, Channer's investment philosophy of patience led him to believe that there would be very little turnover in the portfolio. However, claimant alleged that the portfolio was excessively traded and, therefore, the portfolio was not a suitable investment for his IRA account.

Respondent Christopher S. Channer, who appeared pro se, denied that trading was excessive, that the account was unsuitable, or that the timing for initial purchases was not specifically authorized. Furthermore, Channer maintained that the promotional material provided to claimant indicated that: 1) significant monthly turnover was a basic part of the portfolio's design; 2) the portfolio's "greater total yield" potential involved greater potential risk; 3) Channer did not have authority over the portfolio's activity or its number of trades; selections and frequency of changes were made by TCC's Senior Analysts; and 4) Channer could not initiate trades. Moreover, respondent contended that Pfeilsticker's account lost money because of difficult market conditions (which included the Gulf War and the relative underperformance of smaller growth companies), some selections of the Master Focus List lost market value, and because claimant did not adhere to the "patience axiom."

RELIEF REQUESTED

Claimant Paul J. Pfeilsticker requested \$8,028.06 in actual damages plus interest.

Respondent Christopher S. Channer requested that the arbitration award dismiss claimant's claim and remove this insupportable complaint from his regulatory record.

AWARD


Pursuant to Section 10302 of the NASDR, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Michael C. Craven, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the claimant Paul J. Pfeilsticker on June 28, 1996 and Christopher S. Channer on October 18, 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. The claims of claimant Paul J. Pfeilsticker against respondent Christopher S. Channer are dismissed in their entirety.
2. All other relief requests are denied.
3. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers Regulation, Inc. by the claimant Paul J. Pfeilsticker, shall be retained by the NASD Regulation, Inc.

AFFIRMATION

I, **Michael C. Craven**, 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.



Michael C. Craven

Date of Decision: December 23, 1996