

N.A.S.D. ARBITRATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

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In the Matter of the Arbitration Between

Name of Claimant

Kenton S. Kurland

96-03192

Name of Respondent

J. C. Bradford & Co.

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CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 25, 1996 Claimant Kenton S. Kurland ("claimant"), who appeared Pro Se, alleged that he contacted respondent J.C. Bradford & Co. in late 1992, to seek advice regarding 289 shares of Wal-Mart Stores, Inc. common stock which he inherited. Claimant further alleged that he met with a broker who suggested that he sell the Wal-Mart common stock and reinvest in options. Claimant also alleged that on a number of occasions, he asked many questions and admitted to his lack of understanding of options. Claimant averred that he also mentioned not being comfortable with this type of transaction, but the broker showed him a profit chart and explained that options were "extremely safe".

Claimant alleged that on March 24, 1993 he authorized the sale of all but 100 Wal-Mart and 5 shares of Tandy Corp. Claimant further alleged that the proceeds from the sale were used to purchase 3 contract options of Wal-Mart Stores, Inc., 2 contract options of Fruit of the Loom, 1 contract of Home Depot, and 100 shares of Parametric Technology common stock. Claimant also alleged that approx 6-8 weeks later, the value of all the options had dropped. Claimant contended that when he called with his concerns, the broker implied that options were not his idea. Claimant further contended that he began his search for a different broker and ordered the sale of Parametric Technology. Claimant also contended that he would not have lost 85% of his investment in the options, if he had not been pressured into making such a risky investment.

Respondent J.C. Bradford & Co., through its representative and in-house counsel Claude O. Ramer, II, Esq., maintained that claimant opened Account #102-41110 in December 1993 and transferred 5 shares of Tandy Corp and 289 shares of Wal-Mart Stores, Inc. into his account. Respondent maintained that claimant told Alex Cann, Jr. ("Cann"), a registered representative of the firm, that he wanted to diversify his portfolio but keep control of the Wal-Mart shares, in the event that the value of the stock continued to increase. Respondent also maintained that Cann suggested long-term stock options or leaps as a way to accomplish his objectives. Respondent asserted that in February 1993, the Wal-Mart stock split and resulted in an increase in claimant's position to 578 shares. Respondent further asserted that claimant made the decision to sell the Tandy Corp. shares and 478 of the Wal-Mart to purchase long-term options.

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Respondent also asserted that claimant directed Cann to purchase 2 Fruit of the Loom leaps, 1 Home Depot leap, 3 Wal-Mart leaps and 100 shares of Parametric Technology Corp. Respondent contended that claimant was fully apprised of all the risks associated with options as Cann had provided him with an option disclosure booklet, option new account form and agreement, to read and sign. Respondent denied that claimant told Cann he did not understand options or feel comfortable with them. Respondent further contended that Fruit of the Loom and Home Depot were followed by its research department, on its recommended list at the time of purchase, and were conservative recommendations which matched claimant's objectives and instructions. Respondent also contended that claimant never complained to anyone about the transactions in his account but indicated that he was transferring his account because he was moving to Tennessee. Respondent maintained that claimant exercised independent control over his account and made all investment decisions.

**RELIEF REQUESTED**

Claimant Kenton S. Kurland requested \$6,827.62 in actual damages.

Respondent J.C. Bradford & Co. requested that Claimant's claims be denied, plus costs, expenses and attorneys fees.

**AWARD**

Pursuant to Rule 10302 of the NASD Code of Arbitration Procedure, a single Public Arbitrator, Chandler Bridges, was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Kenton S. Kurland on August 22, 1996 and by Respondent J.C. Bradford & Co. on October 7, 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 J.C. Bradford & Co. is liable and shall pay to the Claimant Kenton S. Kurland \$6,827.62 in actual damages.
2. The parties shall bear their respective costs.
3. The \$150.00 filing fee previously deposited with National Association of Securities Dealers Regulation, Inc. by the Claimant Kenton S. Kurland shall be retained by NASD Regulation, Inc. Respondent J.C. Bradford & Co. is liable and shall pay to the Claimant Kenton S. Kurland \$150.00 as reimbursement of the filing fee.
4. All other relief requests are denied.

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**AFFIRMATION**

I, **CHANDLER BRIDGES**, 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.

  
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Signature of Arbitrator

Date of Decision:      March 20, 1997