

N.A.S.D. REGULATION AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

In the Matter of the Arbitration Between

Name of Claimant

James M. Jordan, as custodian

96-04126

Name of Respondent

Olde Discount Corporation

CASE SUMMARY

In a case filed with the National Association of Securities Dealers Regulation, Inc. on September 16, 1996, claimant James Jordan custodian for his son Collin Jordan (hereafter referred to as "claimant or "James Jordan"), who appeared Pro Se, alleged that respondent Olde Discount Corporation ("Olde") refused to place a limit order on certain stocks. Claimant further alleged that Olde advertises "commissionless trading", yet Olde charge the account \$40.00 per trade. Claimant also alleged that this charge is not even discounted. Claimant asserted that Olde also advertises to give "sound financial advice". Claimant further asserted that he placed an order to buy four hundred shares of MicroSoft. Claimant also asserted that this order was refused on the grounds that the funds had taken too long to transit. Claimant contended that Thomas Brehm ("Brehm") his sons account representative, constantly recommended stocks such as Network General and Resound which lost money.

Claimant further contended that on Friday, July 16, 1995, Brehm refused to place a limit order to buy MicroSoft at 98 and Intel at 66, claimant they were out of the market. Claimant also contended that Monday, July 19, 1996 both stocks were purchased at their yearly high of 107.75 and 76.5 respectively. Claimant alleged that the next day the stocks were sold for a loss of 96.5 and 65.5. Claimant further alleged that whether the loss was intentional or not, burning your client like this cannot be considered "sound financial advice". Claimant also alleged that Brehm never advised them to ride out the storm and recoup their losses. Claimant asserted that Brehm consistently advocated an active account, which was in direct opposition to the stated investment objectives when the account was opened.

Respondent Olde through its representative and in-house counsel Donald Wray, Jr. maintained that claimant identifies no actionable wrongdoing on the part of Olde. Respondent further maintained that claimant's allegation reflect his own misapprehension of the mechanics of trading securities in the over-the-counter market. Respondent also maintained that it was unable to process claimant's order to purchase 400 shares of MicroSoft because claimant failed to properly complete an Olde Investors Account Application, which is a standard form completed by all new Olde customers. Respondent contended that incredibly, the account application initially submitted by claimant was executed by his nine year old son. Respondent further contended that Brehm notified claimant that since his son lacked legal capacity to execute the application, Olde could not proceed with his purchase of MicroSoft. Respondent also contended that claimant's Agreement reserves Olde the right to decline any limit order. Respondent maintained that while it is unfortunate that claimant lost money, his losses are nonetheless a direct result

of his own trading and thus are not attributable to the action of Olde. Respondent maintained while Olde indeed offers trading without commission, claimant's transaction did not meet the necessary requirement, the first which sets a 1,000 share minimum trade. Respondent further maintained that claimant was aware of this requirement.

RELIEF REQUESTED

Claimant James Jordan requested \$3,600 for lost profit.

Respondent Olde requested that the claims of claimant be dismissed in their entirety.

AWARD

Pursuant to Rule 10302 of the Code of Arbitration Procedure, a single Public Arbitrator, Joseph Lally, Esq., was selected to review the matter in controversy between the parties set forth in Submission to Arbitration signed by claimant James Jordan on September 12, 1996 and by respondent Olde on October 22, 1996 as required by Rules 10301 and 10302 of the Code of Arbitration Procedure.

And, the Arbitrator, having considered the proof of the parties, had decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of claimant James Jordan against respondent Olde Discount Corporation are dismissed in their entirety.
2. The \$125.00 filing fee previously deposited with National Association of Securities Dealer Regulation, Inc. by claimant shall be retained by NASD Regulation, Inc.
3. All other relief requests are denied.

AFFIRMATION

1. **Joseph Lally, Esq.**, 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.



Joseph R. Lally, Esq.

Date of Decision: April 15, 1997