

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Claimants

The Guy B. and Nadine C. Kegley Trust
The Smith Trust

v.

NASD Case No. 99-01265
Hearing Location: Washington, D.C.

Respondents

J.C. Bradford & Co.
Randy H. Sanders

REPRESENTATION OF PARTIES

Claimants The Guy B. and Nadine C. Kegley Trust ("The Kegley Trust"), Nadine C. Kegley, Trustee ("Kegley") and The Smith Trust, Dorothy J. Smith, Trustee ("Smith"): Marvin L. Szymkowicz, Mendelsohn & Szymkowicz, Washington, D.C.

Respondents J.C. Bradford & Co. and Randy H. Sanders ("Sanders"): Susan M. Gritton and Linda G. Willis, J.C. Bradford & Co., Nashville, Tennessee.

CASE INFORMATION

Statement of Claim filed on or about: March 17, 1999

Nadine C. Kegley, Trustee, signed the Uniform Submission Agreement on behalf of Claimant The Kegley Trust: March 27, 1999

Dorothy J. Smith, Trustee, signed the Uniform Submission Agreement on behalf of Claimant The Smith Trust: March 26, 1999

Statement of Answer filed by Respondent J.C. Bradford & Co. on or about: July 13, 1999

Statement of Answer filed by Respondent Randy H. Sanders on or about: July 13, 1999

Respondent J.C. Bradford & Co. signed the Uniform Submission Agreement: May 27, 1999

Respondent Randy H. Sanders signed the Uniform Submission Agreement: June 1, 1999

CASE SUMMARY

Claimant The Kegley Trust asserted the following causes of action against Respondent Sanders: (1) violation of suitability doctrine; (2) breach of fiduciary duty; (3) violation of Georgia state securities anti-fraud statute; and (4) against Respondent J.C. Bradford & Co. for failure to properly supervise agent, Respondent Sanders.

Claimant The Smith Trust asserted the following causes of action against Respondent Sanders: (1) violation of the suitability doctrine; (2) breach of fiduciary duty; (3) violation of the Maryland state securities anti-fraud statute; and (4) against Respondent J.C. Bradford & Co. for failure to properly supervise agent, Respondent Sanders.

The trustee of The Kegley Trust, Nadine C. Kegley, is a 79-year old widow. Kegley claimed, among other things, that Respondent Sanders' handling of the trust account was inappropriate and inconsistent with her investment objectives for the trust of tax free income, income/capital preservation and long term growth. Kegley further asserted that recommendations suggested by Sanders were not proper for a trust with the aforementioned objectives and that those items suggested were pushed without regard to suitability.

Kegley further claimed, among other things, that Respondent J.C. Bradford & Co is liable to the trust for failing to properly supervise Sanders, an agent of J.C. Bradford & Co.

The trustee of The Smith Trust, Dorothy J. Smith, is a 60-year old widow. Smith alleged that the trust money invested at J.C. Bradford & Co. came from the settlement provided resulting from the accidental death of her husband and that the trust represented virtually all of Smith's income. Smith claimed, among other things, that Sanders recommended unsuitable investments and that his handling of the trust account was inappropriate and inconsistent with its investment objectives of long term growth and income with capital preservation. Smith also alleged that J.C. Bradford & Co. is liable to the trust for failing to properly supervise Sanders.

Respondents Sanders and J.C. Bradford & Co. denied all allegations of wrongdoing and asserted that neither Respondent Sanders nor J.C. Bradford & Co. violated any duty or obligation owed to Claimants. Respondents alleged that a discussion took place prior to each trade and that Kegley authorized all trades in the trust account. Respondents further alleged that all trading in the trust account was consistent with previous trading history. Respondents alleged that all transactions in the Smith Trust account were authorized by Smith prior to trading. Further, Respondents asserted that Smith was provided with information to make well-informed decisions.

RELIEF REQUESTED

Claimant The Kegley Trust requested:

Compensatory Damages	\$100,000
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified

Claimant The Smith Trust requested:

Compensatory Damages	\$100,000
Punitive Damages	unspecified
Interest	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified

Respondents requested the dismissal of all claims and that the Claimants be assessed the costs and expenses of filing this proceeding.

OTHER ISSUES CONSIDERED AND DECIDED

The parties have agreed that the Award in this matter may be executed in counterpart copies. In addition, the parties have agreed to receive conformed copies of the Award while the original remains on file with the NASD.

AWARD

After considering the pleadings, the testimony and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

1. That the award is jointly and severally against Respondents J.C. Bradford & Co. and Randy H. Sanders and together Respondents shall pay Claimant The Kegley Trust \$25,000.00 in compensatory damages; and
2. That the award is jointly and severally against Respondents J.C. Bradford & Co. and Randy H. Sanders and together Respondents shall pay Claimant The Smith Trust \$10,000 in compensatory damages; and
3. That the parties are to bear their own costs and expenses, including attorney's fees, with the exception of forum fees as specified below; and
4. That any and all relief not specifically addressed herein, including punitive damages, is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee = \$ 150.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge = \$ 1,000.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$ 1,500.00

TOTAL MEMBER FEES = \$ 3,100.00

Forum Fees and Assessments

The Panel assessed forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the Arbitrators, including a pre-hearing conference with the Arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

- | | | |
|---|--|---------------|
| 1 | Pre-hearing session with Panel x \$ 500.00 | = \$ 500.00 |
| | Pre-hearing conference: November 8 1999, 1 session | |
| 6 | Hearing sessions x \$ 500.00 | = \$ 3,000.00 |
| | Hearing Dates: March 14, 2000, 2 sessions | |
| | March 15, 2000, 2 sessions | |
| | March 16, 2000, 2 sessions | |

TOTAL FORUM FEES = \$3,500.00

1. The Panel assessed \$ 250.00 of the forum fees to Claimant The Kegley Trust.
2. The Panel assessed \$ 250.00 of the forum fees to Claimant The Smith Trust.
3. The Panel assessed \$ 3,000.00 of the forum fees jointly and severally to Respondent J.C. Bradford & Co. and to Respondent Randy H. Sanders.

Fee Summary

Claimant The Kegley Trust is solely liable for:	
Forum Fees	= \$250.00
 Total Fees	 = \$250.00
<u>Less payments by Claimants jointly</u>	<u>= \$950.00</u>
 Credit:	 = \$700.00

Claimant The Smith Trust is solely liable for:	
Forum Fees	= \$250.00
 Total Fees	 = \$250.00
<u>Less payments by Claimants jointly</u>	<u>= \$700.00</u>
 Credit:	 = \$450.00

Claimants are jointly and severally liable for:	
Filing fees	= \$150.00
<u>Less payments by Claimants jointly</u>	<u>= \$450.00</u>
<u>Balance due NASD Regulation, Inc.</u>	<u>Refund: = \$300.00</u>

Respondent J.C. Bradford & Co. is solely liable for:

Member Fees = \$3,100.00

Total Fees = \$3,100.00

Less payments by Respondent J.C. Bradford & Co. = \$3,100.00

Balance due NASD Regulation, Inc. = **\$ 0.00**

Respondents J.C. Bradford & Co. and Randy Sanders are jointly and severally liable for:

Forum Fees = \$3,000.00

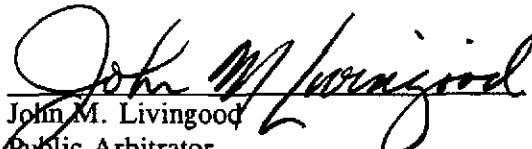
Balance due NASD Regulation, Inc. = **\$3,000.00**

All balances are due and payable to NASD Regulation, Inc.

DATE AWARD SIGNED:

4/21/2000

Concurring Arbitrators' Signatures


John M. Livingood
Public Arbitrator

Marvin P. Pastel, PhD
Public Arbitrator

Robert T. Reeves
Industry Arbitrator

Date Award served by NASD Regulation:

April 25, 2000

DATE AWARD SIGNED:

Concurring Arbitrators' Signatures

John M. Livingood
Public Arbitrator

April 20 2000

Marvin P. Pastel

Marvin P. Pastel, PhD
Public Arbitrator

Robert T. Reeves
Industry Arbitrator

Date Award served by NASD Regulation:

April 25, 2000

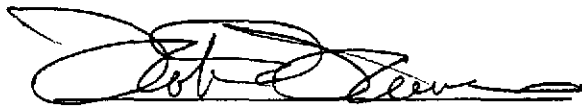
DATE AWARD SIGNED:

Concurring Arbitrators' Signatures

John M. Livingood
Public Arbitrator

Marvin P. Pastel, PhD
Public Arbitrator

April 19, 2000



Robert T. Reeves
Industry Arbitrator

Date Award served by NASD Regulation: April 25, 2000