

**IN ARBITRATION
UNDER CHAPTER XVIII OF THE RULES
OF THE CHICAGO BOARD OPTIONS EXCHANGE, INCORPORATED**

IN THE MATTER)	
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*)	
)	
Claimant,)	
)	
v.)	Arbitration File No. 92 NM 03
)	
Prudential-Bache Securities, Inc.)	
and J. Scott Miller,)	
)	
Respondents.)	
)	

AWARD

On or about April 1, 1992, ("Claimant"), a public customer, filed the Statement of Claim in the captioned dispute with the Chicago Board Options Exchange ("CBOE"). Prudential-Bache Securities, Inc. ("Prudential") and J. Scott Miller ("Miller") (collectively referred to as "Respondents") filed an Answer on or about May 12, 1992. A telephonic pre-hearing conference before the chairman of the arbitration panel was held on November 11, 1992. The named parties appeared at five (5) hearing sessions on November 9, 10 and 11, 1993 in Philadelphia, Pennsylvania and had full opportunity to present arguments and evidence.

Claimant alleges abuse of discretion, and unsuitable and excessive options trading during the life of Claimant's account at Prudential, approximately August 1982 to September 1988. Claimant asserts that he is totally disabled with organic brain syndrome, a disability which renders him unable to understand options, and that he suffered from the condition during the entire time the account was open. Claimant alleges that Respondents were or should have been aware of Claimant's condition. Claimant further alleges that he authorized Respondents to exercise discretion over trading in his account. In view of his disability and resultant financial situation, Claimant maintains that Respondents trading activity subjected his account to an excessive and inappropriate degree of risk. Claimant maintains that he lost substantially all of the money invested in his account at Prudential and requests an award of approximately \$450,000.00, plus interest, costs, attorney's fees and punitive damages.

* Claimant requests anonymity.

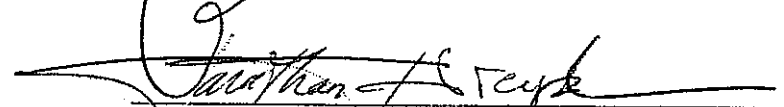
Respondents deny knowledge of Claimant's disability, deny exercising discretionary authority over Claimant's account, except on a limited time and price basis, and deny that Claimant lost substantially all of the assets in the Prudential account. Respondents contend the investment strategy employed in Claimant's account was not unsuitable given their knowledge of claimants circumstances. Respondents allege that Claimant realized a net gain in the account that would have been greater except for the significant losses incurred as a result of the Stock Market Crash on October 19, 1987. Asserting that Claimant authorized all transactions in his account and made no objection to the investment strategy for over five (5) years prior to October 19, 1987, Respondents contend that they cannot be held accountable for the losses incurred as a result of the Stock Market Crash. Respondents request dismissal of the claim and an award of their costs and attorneys' fees.

After due deliberation and consideration of the hearing testimony, documentary evidence, and other submissions of the parties, the undersigned arbitrators award as follows:

1. The claim is dismissed; no award is rendered.
2. Pursuant to CBOE Rule 18.33(c), liability for forum fees and costs, totalling \$5,000.00, shall be divided equally between the parties. Claimant has previously submitted to CBOE the sum of \$4,700.00, representing a non-refundable filing fee in the amount of \$200.00 and hearing session deposits in the amount of \$4,500.00. Respondents have previously submitted to CBOE an adjournment fee in the amount of \$200.00. Therefore, Respondents shall be liable for and shall pay to Claimant the sum of \$2,200.00. Respondents shall be liable for and shall pay to CBOE the sum of \$100.00.


Alfred E. Dolnick, Industry Arbitrator and Chairman

12/2/93
Date


Jonathan Greystone, Public Arbitrator

12/7/93
Date


John J. Jordan, Public Arbitrator

12/6/93
Date