

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

_____	)	
In The Matter Of	)	
	)	
Customer,*	)	
	)	
Claimants,	)	DECISION
	)	
v.	)	File No. 96 NM 10
	)	
Jon C. Porter and	)	
Prudential Securities, Inc.,	)	
	)	
Respondents.	)	
_____	)	

**Representation**

For Claimants:	Marvin Mandel, Esq., Annapolis, Maryland
For Respondents:	Donald R. Littlefield, Esq., Prudential Securities, Incorporated, Dallas, Texas

**Pleadings**

Statement of Claim, filed on or about:	November 13, 1996
Answer, filed on or about:	December 23, 1996

**Hearing**

The named parties appeared at the hearing specified below, and had full opportunity to present arguments and evidence.

Date:	April 30, 1997	No. of Sessions:	2
Location:	Washington, D.C.		

**Summary of Issues**

Claimants allege that Jon C. Porter and Prudential Securities, Incorporated ("Respondents") made misrepresentations, provided misleading information, and acted with recklessness in connection with stock recommendations and covered-call writing option investment strategies with respect to transactions effected in their respective accounts from April 1996 until August 1996, when the accounts were closed. Claimants assert that the misrepresentations, misleading information and recklessness resulted in significant losses. Claimants request an award against Respondents in the amount of \$62,410.25 in compensatory

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\* Claimants' request confidentiality pursuant to CBOE Rule 18.31.

damages. Claimant requests an award against Respondents in the amount of \$5,707.21 in compensatory damages. Claimant requests an award against Respondents in the amount of \$4,905.11 in compensatory damages.

Respondents deny all allegations and request that costs be assessed against Claimants.

#### **Award\***

After due deliberation and consideration of the hearing testimony, documentary evidence, and other submissions of the parties, the undersigned arbitrators, in full and final resolution of the matter in controversy, award as follows:

1. Jon C. Porter and Prudential Securities, Incorporated are responsible for and shall pay to Claimants the amount of \$9,449.54 in compensatory damages.
2. Jon C. Porter and Prudential Securities, Incorporated are responsible for and shall pay to Claimant the amount of \$6,380.31 in compensatory damages.
3. Jon C. Porter and Prudential Securities, Incorporated are responsible for and shall pay to Claimant the amount of \$5,029.57 in compensatory damages.

#### **Forum Fees**

Pursuant to Chicago Board Options Exchange ("Exchange") Rule 18.33, the Arbitrators assess forum fees in the total amount of \$1,710.60 (i.e., \$150.00 filing fee + \$1,000.00 hearing session fees (2 x \$500.00) + \$660.60 court reporter fees) against Jon C. Porter and Prudential Securities, Incorporated. Accordingly:

1. Respondents are liable for and shall pay the to Claimant the amount of \$650.00, which represents the non-refundable filing fee in the amount of \$150.00 and the hearing session deposit in the amount of \$500.00 previously submitted by Claimants.
2. Respondents are liable for and shall pay the to the Exchange the total amount of \$1,160.60, which represents \$500.00 for hearing session fees and \$660.60 for court reporting services.
3. The Exchange shall retain the non-refundable filing fee in the amount of \$150.00 and the hearing session deposit in the amount of \$500.00 previously submitted by Claimants.

/s/ Piedad Bernikow  
Piedad Bernikow, Chairperson & Public Arbitrator

05/16/97  
Date

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\* Pursuant to CBOE Rule 18.31, all monetary awards shall be paid within thirty (30) days of receipt unless a motion to vacate has been filed with a court of competent jurisdiction.

Arbitration File No. 96 NM 10

Award

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/s/ William E. Brazis  
William E. Brazis, Public Arbitrator

May 21, 1997  
Date

/s/ Charles W. Palm  
Charles W. Palm, Industry Arbitrator

May 28, 1997  
Date

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