

AWARD
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimants

Southwest Securities, Inc. and
SWS Financial Services, Inc.

and

01-00797
Dallas, Texas

Name of Respondents

Gaylon Nelson Cox

REPRESENTATION OF PARTIES

Southwest Securities, Inc. and SWS Financial Services, Inc. ("Claimants") were represented by Corbet F. Bryant, Esquire, Carrington, Coleman, Sloman & Blumenthal, Dallas, Texas.

Gaylon Nelson Cox ("Respondent") did not appear.

CASE INFORMATION

The Statement of Claim was filed on or about February 16, 2001. Submission Agreement of Claimants were signed on February 21, 2001.

The NASD has no record of Respondent Gaylon Nelson Cox's Statement of Answer or Submission Agreement.

CASE SUMMARY

Claimants alleged that Respondent Gaylon Nelson Cox, one of its customers, breached his Customer Agreement by failing to repay his loan on Respondent's margin account.

Respondent filed no Statement of Answer.

RELIEF REQUESTED

Claimant requested an award in the amount of \$189,257.25 (one hundred eighty nine thousand, two hundred fifty seven dollars and twenty five cents), interest, costs, Attorney's Fees and any and all other relief as the Panel deems appropriate.

Respondent made no requests.

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Gaylord Nelson Cox had been properly served with the Statement of Claim pursuant to Rule 10302 and Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Gaylord Nelson Cox had received due notice of the hearing as required under Rule 10315 of the Code, that Gaylord Nelson Cox had participated in the initial scheduling conference call, and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent Gaylord Nelson Cox did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim, participated in several pre-hearing conference calls, the Arbitration Panel determines that he is bound by the determination of the arbitration panel on all issues submitted.

The parties present at the hearing have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the originals remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

FINDINGS OF FACT

Based upon satisfactory evidence presented, the Arbitration Panel finds that NASD Dispute Resolution Inc. served Respondent Gaylon Cox with the pleadings and notices in this matter, including the Statement of Claim, a notice of pre-hearing telephone conference, a failure to answer letter, and a notice of the hearing scheduled for September 27, 2001. Also, Respondent Cox participated in the July 26, 2001 pre-hearing telephone conference in which the arbitrators, a representative of NASD Dispute Resolution, Inc. and counsel for the Claimants also participated. During that pre-hearing telephone conference, Mr. Cox was personally reminded of the September 27 hearing date and the various procedures relating to the hearing including the required exchange of an exhibit list and witness list. The Arbitration Panel finds that Gaylon Nelson Cox had proper and adequate notice of the claims asserted against him and of the hearing of this matter.

The Arbitration Panel finds that Gaylon Nelson Cox entered into a written arbitration agreement when he opened his account requiring that he arbitrate any disputes arising from his securities account. Over the course of the account, Gaylon Nelson Cox never deposited any monies, but did withdraw \$17,500 on December 8, 2000. Gaylon Nelson Cox borrowed money from Southwest Securities, Inc. to pay for the securities that he acquired in the account and ultimately the account was liquidated, concluding in January 2001. After all credits were given for the securities liquidated, Gaylon Nelson Cox still owed the entity that loaned him money, Southwest Securities Inc., \$189, 257.25 on January 2001. Demand was made upon Gaylon Nelson Cox in writing by Southwest Securities, Inc. for payment of that debt. No payment has been made. Therefore, there is due and owing to Southwest Securities, Inc. from Gaylon Nelson Cox the deficiency in the account plus interest thereon and reasonable and necessary attorney's fees. As a result of these determinations, the Arbitration Panel makes the award detailed below.

AWARD

After considering the pleadings, the testimony, and the evidence presented at the hearing and the post-hearing submissions, if any, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. That Claimants Southwest Securities, Inc. now known as SWS Securities, Inc and SWS Financial Services, Inc. is hereby awarded recovery against Gaylon Nelson Cox of \$189, 257.25 (one hundred eighty nine, two hundred fifty seven dollars and twenty five cents) compensatory damages plus interest thereon of \$12, 277.00 (twelve thousand, two hundred seventy seven dollars).
2. That Claimants Southwest Securities, Inc. now known as SWS Securities, Inc and SWS Financial Services, Inc. is hereby awarded recovery against Gaylon Nelson Cox of \$4,940.00 (four thousand nine hundred and forty dollars) as reasonable and necessary attorney's fees. In making this award of attorney's fees, the panel heard and considered the pleadings, briefs, motions, evidence, testimony and oral argument at hearings, and find that authority exists for this award of attorney's fees under the terms of the margin agreement at issue in this matter.
3. That unless otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.

Filing Fees

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

Initial claim filing fee = \$1,000.00

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 persons at the time of the events giving rise to the dispute. In this matter, the member firms are Southwest Securities, Inc. and SWS Financial Services, Inc.

Member surcharge	= \$1,500.00
Pre-hearing process fee	= \$600.00
Hearing process fee	= \$2,500.00

Forum Fees and Assessments

The Arbitration Panel assesses 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:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$1,125.00
Pre-hearing conference: July 26, 2001	1 session
Two (2) Hearing sessions x \$1,125.00	= \$2,250.00
Hearing Dates: September 27, 2001	<u>2 sessions</u>
Total Forum Fees	= \$3,375.00

The Arbitration Panel has assessed \$1,125.00 of the forum fees to Claimant Southwest Securities, Inc. The Arbitration Panel has assessed \$1,125.00 of the forum fees to Claimant SWS Financial Services.

The Arbitration Panel has assessed \$1,125.00 of the forum fees to Respondent Gaylord Nelson Cox.

Fee Summary

Claimants, Southwest Securities, Inc, and SWS Financial Services, Inc. be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 1,000.00
<u>Forum Fees</u>	= \$.00
Total Fees	= \$1,000.00
<u>Less payments</u>	= <u>\$1,000.00</u>
Zero Balance	= \$.00

Claimant, Southwest Securities, Inc, shall be and hereby is liable for:

Member Fees	= \$ 4,600.00
<u>Forum Fees</u>	= \$ 1,125.00
Total Fees	= \$ 5,725.00
<u>Less payments</u>	= \$ 3,225.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,500.00

Claimant, Southwest Financial Services, Inc., shall be and hereby is liable for:

Member Fees	= \$ 4,600.00
<u>Forum Fees</u>	= \$ 1,125.00
Total Fees	= \$ 5,725.00
Less payments	= \$ 2,100.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,625.00

Respondent, Gaylord Nelson Cox, shall be and hereby is liable for:

<u>Forum Fees</u>	= \$ 1,125.00
Total Fees	= \$ 1,125.00
<u>Less payments</u>	= \$ 00.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,125.00

All balances are due to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Robert L. Chisolm - Public Arbitrator, Presiding Chair

Joe S. Shepherd - Public Arbitrator

David Max Sanderford - Non-Public Arbitrator

Concurring Arbitrators:

Robert L. Chisolm
Public Arbitrator, Presiding Chair

Signature Date

Joe S. Shepherd
Public Arbitrator

Signature Date

David Max Sanderford
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-00797
Award Page 5 of 5

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Concurring Arbitrators:


Robert L. Chisolm
Public Arbitrator, Presiding Chair

1-28-2002
Signature Date

Joe S. Shepherd
Public Arbitrator

Signature Date

David Max Sanderford
Non-Public Arbitrator

Signature Date

NASD Dispute Resolution, Inc.
Arbitration No. 01-00797
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Public Arbitrator

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01/28/2002
Signature Date

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Non-Public Arbitrator

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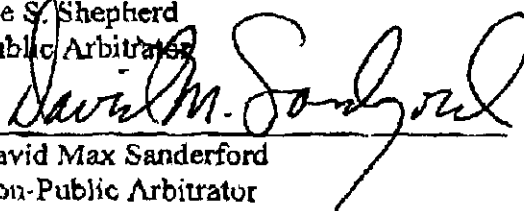
Joe S. Shepherd - Public Arbitrator

David Max Sanderford - Non-Public Arbitrator

Concurring Arbitrators:

Robert L. Chisolm
Public Arbitrator, Presiding Chair

Signature Date

Joe S. Shepherd
Public Arbitrator


David Max Sanderford
Non-Public Arbitrator

Signature Date

01/29/02
Signature Date