

**Award
NASD**

In the Matter of the Arbitration Between:

Name of the Claimant

Franklin Ross, Inc.

Case Number : 01-01819

Names of the Respondents

Terra Nova Trading, L.L.C.

Southwest Securities, Inc.

Hearing Site: Boca Raton, FL.

REPRESENTATION OF PARTIES

For Franklin Ross, Inc., hereinafter referred to as "Claimant": Delmer C. Gowing, III, P.A., Delray Beach, FL.

For Respondent Terra Nova Trading, L.L.C, hereinafter referred to as "Terra Nova": Christian T. Kemnitz, Esq., Katten Munchin Zavis, Chicago, IL.

For Respondent Southwest Securities, Inc., hereinafter referred to as "Southwest": Will S. Montgomery, Esq. and Ellen Sessions, Esq., Jenkins & Gilchrist, Dallas, TX.

CASE INFORMATION

Statement of Claim filed on or about: April 10, 2001.

Claimant signed the Uniform Submission Agreement: April 2, 2001.

Respondent Terra Nova Trading, L.L.C.'s Answer to Statement of Claim and Cross-Claim filed on or about: October 29, 2001.

Respondent Terra Nova, L.L.C did not file an executed Uniform Submission Agreement.

Respondent Southwest Securities, Inc. filed a Motion to Dismiss and Answer on or about: November 5, 2001.

Respondent Southwest Securities, Inc. signed the Uniform Submission Agreement: June 7, 2001.

Motion to Dismiss and Answer of Southwest Securities, Inc. to Terra Nova's Cross-Claim filed on or about: August 6, 2001.

Amended Motion to Dismiss and Answer of Southwest Securities, Inc. filed on or about: August 8, 2001.

CASE SUMMARY

Claimant asserted in Counts I and II of the Statement of Claim that Respondent Southwest negligently and wrongfully sent customers' funds to the customer based upon their own miscalculation of the available cash in the customers' accounts and a wire transfer error. Further, Claimant alleged in Count III that Respondents were negligent in allowing a customer to trade without funds. The causes of action relate to trading in unspecified securities products.

Unless specifically admitted in its Answer, Respondent Terra Nova denied the allegations made

in the Statement of Claim and asserted various affirmative defenses. Further, in its cross-claim Respondent Terra Nova asserted that any damage attributed by Claimant to Respondent Terra Nova was caused, in whole or part, by any negligence, gross negligence, intentional misconduct or failure to supervise on the part of Respondent Southwest.

Unless specifically admitted in its Answers, Respondent Southwest denied the allegations made in the Statement of Claim and the cross-claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested that the arbitration panel find against Respondent Southwest in the amount of \$100,250.16, plus interest and attorney's fees and against Respondents Southwest and Terra Nova in the sum of \$46,521.32, plus interest and attorneys' fees.

Respondent Southwest requested that Claimant take nothing from Respondent Southwest, and that Respondent Terra Nova take nothing from Respondent Southwest and that Respondent Southwest recover all of its costs and attorney's fees from Claimant or Respondent Terra Nova.

Respondent Terra Nova requested that the Statement of Claim be denied and requested indemnification from Respondent Southwest.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Terra Nova did not file with NASD a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure (the "Code") and, having answered the claim, appeared and testified at the hearing, is bound by the determination of the Panel on all issues submitted.

At the commencement of the hearing on August 27, 2002, Claimant's counsel informed the arbitration panel that Claimant had settled its claim against Respondent Terra Nova.

The parties have agreed that the Award in this matter may be executed in counterpart copies.

AWARD

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

Respondent Southwest Securities, Inc. is found liable on Count I and Count II of the Statement of Claim and shall pay Claimant compensatory damages in the amount of \$93,250.00 on Count I and \$7,000.00 on Count II, pre-judgment interest specifically excluded.

Respondent Southwest Securities, Inc. is liable and shall pay Claimant attorney's fees in the amount of \$13,000.00 pursuant to the Fully Disclosed Clearing Agreement, Section 10A,

Paragraph 2.

Respondent Southwest Securities, Inc. is found to have no liability on Count III of the Statement of Claim.

The cross-claim of Respondent Terra Nova is dismissed with prejudice.

Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$1,000.00
Cross-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 firms that employed the associated persons at the time of the events giving rise to the dispute. In this matter, the member firms are parties.

Franklin Ross, Inc. is assessed:

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

Terra Nova is assessed:

Member surcharge	= \$ 800.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,000.00

Southwest is assessed:

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

Adjournment Fees

No adjournment requests were filed in this matter.

Injunctive Relief Fees

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

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

One (1) Pre-hearing session with Panel @ \$1,125.00	= \$1,125.00
Pre-hearing conference: January 15, 2002 1 session	
Two (2) Hearing sessions @ \$1125.00	= \$2,250.00
Hearing Date: August 27, 2002 2 sessions	
<hr/> Total Forum Fees	<hr/> = \$3,375.00

The Panel has assessed \$1,687.50 of the forum fees to Claimant.

The Panel has assessed \$1,687.50 of the forum fees to Respondent Southwest.

Administrative Costs

Administrative costs are expenses incurred due to a request by a party for special services beyond the normal administrative services. These include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, and security.

No administrative costs were incurred in this matter.

FEE SUMMARY

Claimant is solely liable for:

Initial Filing Fee	= \$1,000.00
Member Fees	= \$4,600.00
Forum Fees	= \$1,687.50

Total Fees	= \$7,287.50
Less payments	= \$6,725.00

Balance Due NASD	= \$ 562.50
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Respondent Southwest is solely liable for:

Member Fees	= \$4,600.00
Forum Fees	= \$1,687.50

Total Fees	= \$6,287.50
Less payments	= \$4,600.00

Balance Due NASD = \$1,687.50

Respondent Terra Nova is solely liable for:

Member Fees = \$2,400.00

Cross-Claim filing fee = \$1,000.00

Total Fees = \$3,400.00

Less payments = \$1,800.00

Balance Due NASD = \$1,600.00

All balances are payable to NASD and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Carl J. Hegner	-	Non-Public Arbitrator, Presiding Chair
Richard D. Longacre	-	Non-Public Arbitrator
Richard D. Hanson	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

_____/S/_____
Carl J. Hegner
Non-Public Arbitrator, Presiding Chair

Signature Date

_____/S/_____
Richard D. Longacre
Non-Public Arbitrator

Signature Date

_____/S/_____
Richard D. Hanson
Non-Public Arbitrator

Signature Date

September 30, 2002
Date of Service (For NASD office use only)

Less payments = \$4,600.00

Balance Due NASD = \$1,687.50

Respondent Terra Nova is solely liable for:

Member Fees = \$2,400.00

Cross-Claim filing fee = \$1,000.00

Total Fees = \$3,400.00

Less payments = \$1,800.00

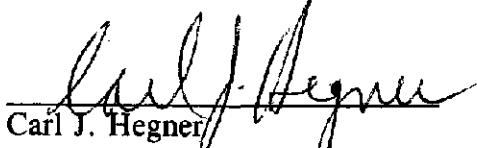
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Richard D. Hanson	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Carl J. Hegner
Non-Public Arbitrator, Presiding Chair

9-17-02
Signature Date

Richard D. Longacre
Non-Public Arbitrator

Signature Date

Richard D. Hanson
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Less payments = \$4,600.00

Balance Due NASD = \$1,687.50

Respondent Terra Nova is solely liable for:

Member Fees = \$2,400.00

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Total Fees = \$3,400.00

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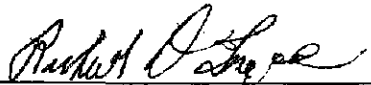
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Richard D. Hanson	- Non-Public Arbitrator

Concurring Arbitrators' Signatures

Carl J. Hegner
Non-Public Arbitrator, Presiding Chair

Signature Date


Richard D. Longacre
Non-Public Arbitrator

9-16-2
Signature Date

Richard D. Hanson
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

Less payments = \$4,600.00

Balance Due NASD = \$1,687.50

Respondent Terra Nova is solely liable for:

Member Fees = \$2,400.00

Cross-Claim filing fee = \$1,000.00

Total Fees = \$3,400.00

Less payments = \$1,800.00

Balance Due NASD = \$1,600.00

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Non-Public Arbitrator, Presiding Chair

Signature Date

Richard D. Longacre
Non-Public Arbitrator

Signature Date


Richard D. Hanson
Non-Public Arbitrator

9-16-02
Signature Date

Date of Service (For NASD office use only)