

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

William A. Watson

Case Number: 02-05364

Name of Respondents

J.J.B. Hilliard, W.L. Lyons, Inc.
And Frederic Lamar Dupree III

Hearing Site: Louisville, Kentucky

REPRESENTATION OF PARTIES

Claimant, William A. Watson, hereinafter referred to as "Claimant": Kevin G. Henry, Esq., of the firm Sturgill, Turner, Barker & Moloney, PLLC, Lexington, Kentucky.

Respondents, J.J.B. Hilliard, W.L. Lyons, Inc. and Frederick Lamar Dupree, III, hereinafter (collectively) referred to as "Respondents": Beth Jerdonek, Esq., of the firm Ulmer & Berne LLP., Cleveland, Ohio.

CASE INFORMATION

The Statement of Claim was filed on or about September 10, 2002. The Submission Agreement of Claimant Watson was signed on or about September 3, 2002.

The Statement of Answer was filed by Respondents J.J.B. Hilliard, W.L. Lyons, Inc. and Frederic Lamar Dupree III on or about December 2, 2002. The Submission Agreement of Respondent J.J.B. Hilliard, W.L. Lyons, Inc. was signed on or about May 8, 2003. The Submission Agreement of Respondent Frederick Lamar Dupree III was signed on or about October 29, 2002.

CASE SUMMARY

Claimant asserted the following causes of action: omission of facts and suitability. Claimant purchased Polaroid bonds at the recommendation of Respondents on December 18, 1998. Polaroid entered Chapter 11 bankruptcy in mid-2001 and Claimant's bonds appear to be worthless. The causes of action relate to the order execution of the Polaroid bonds.

Unless specifically admitted in its Answer, Respondents J.J.B. Hilliard, W.L. Lyons, Inc. and Frederic Lamar Dupree, III denied the substantive allegations of wrongdoing alleged in the Statement of Claim and asserted the following defenses: Claimant has no standing to assert any claim against either Respondent; Claimant has failed to state a claim against Respondents; At all times, the Claimant was advised of and assumed the risks of market fluctuation; and Claimant failed to assert his claim within the applicable statute of limitations period.

RELIEF REQUESTED

Claimant requested:

Compensatory Damages	\$50,000.00
Punitive Damages	unspecified
Interest	4 years x 8%
Attorneys' Fees	unspecified
Witness and Production Fees	unspecified

Respondents requested:

Compensatory Damages	unspecified
Attorneys' Fees	unspecified
Other Costs	unspecified

Respondents request that any references to this matter be expunged from Respondent Dupree's Central Registration Depository records.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the hearing, Arbitrator Denise H. McClelland, Esq. withdrew from the panel. The parties agreed to go forward with the arbitration hearing with the remaining two arbitrators.

Respondents amended their Answer without objection of Claimant and stated that there was a customer relationship between Respondents and Claimant.

AWARD

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

1. The panel found zero liability against the Respondents and any and all relief are denied.

2. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent Dupree's registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notices to Members 99-09 and 99-54, Respondent Dupree must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$175.00
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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. Accordingly, J.J.B. Hilliard, W.L. Lyons, Inc. is a party.

Member surcharge	= \$875.00
Pre-hearing process fee	= \$750.00
Hearing process fee	= \$1,000.00

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 arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with a single arbitrator @ \$450.00	= \$450.00
Pre-hearing conference(s): July 16, 2003	1 session

One (1) Pre-hearing session with Panel @ \$600.00	= \$600.00
Pre-hearing conference: April 30, 2003	1 session

Two (2) Hearing sessions @ \$600.00	= \$1,200.00
Hearing Date: September 5, 2003	2 sessions

Total Forum Fees	= \$2,250.00
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The Panel has assessed \$2,250.00 of the forum fees to Respondent J.J.B. Hilliard, W.L. Lyons, Inc.

Fee Summary

1. Claimant, William A. Watson, is solely liable for:	
Initial Filing Fee	= \$175.00
Total Fees	= \$ 175.00
Less payments	= \$ 775.00
Refund due to Claimant, William A. Watson	= \$ 600.00
2. Respondent, J.J.B. Hilliard, W. L. Lyons, Inc., is solely liable for:	
Member Fees	= \$3,125.00
Forum Fees	= \$2,250.00
Total Fees	= \$5,375.00
Less payments	= \$2,625.00
Balance Due NASD Dispute Resolution	= \$2,250.00

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

ARBITRATION PANEL

<i>Earle R. Frost, Jr., Esq.</i>	-	<i>Public Arbitrator, Presiding Chairperson</i>
<i>John P. McShane</i>	-	<i>Non-Public Arbitrator</i>

Concurring Arbitrators' Signature(s)

Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chairperson

Signature Date

John P. McShane
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

Fee Summary

1. Claimant, William A. Watson, is solely liable for:

Initial Filing Fee	= \$175.00
Total Fees	= \$175.00
Less payments	= \$775.00
Refund due to Claimant, William A. Watson	= \$ 600.00

2. Respondent, J.J.B. Hilliard, W. L. Lyons, Inc., is solely liable for:

Member Fees	= \$3,125.00
Forum Fees	= \$2,250.00
Total Fees	= \$5,375.00
Less payments	= \$2,625.00
Balance Due NASD Dispute Resolution	= \$2,250.00

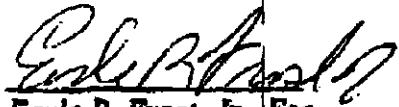
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ARBITRATION PANEL

Earle R. Frost, Jr., Esq.
John P. McShane

- Public Arbitrator, Presiding Chairperson
- Non-Public Arbitrator

Concurring Arbitrators' Signature(s)



Earle R. Frost, Jr., Esq.
Public Arbitrator, Presiding Chairperson

9/30/03
Signature Date

John P. McShane
Non-Public Arbitrator

Signature Date

Date of Service (For NASD Dispute Resolution use only)

Fee Summary

1. Claimant, William A. Watson, is solely liable for:

Initial Filing Fee	= \$175.00
Total Fees	= \$175.00
Less payments	= \$175.00
Refund due to Claimant, William A. Watson	= \$600.00

2. Respondent, J.J.B. Hilliard, W. L. Lyons, Inc., is solely liable for:

Member Fees	= \$3,125.00
Forum Fees	= \$2,250.00
Total Fees	= \$5,375.00
Less payments	= \$2,625.00
Balance Due NASD Dispute Resolution	= \$2,250.00

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ARBITRATION PANEL

Earle R. Frost, Jr., Esq.

- Public Arbitrator, Presiding Chairperson

John P. McShane

- Non-Public Arbitrator

Consenting Arbitrators' Signature(s)

Earle R. Frost, Jr., Esq.

Public Arbitrator, Presiding Chairperson



John P. McShane

Non-Public Arbitrator

Signature Date

9-19-03

Signature Date

Date of Service (For NASD Dispute Resolution use only)