

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of the Claimant
Albert E. Warner III

Case Number: 02-07268

Name of the Respondent
Charles Schwab & Company, Inc.

Hearing Site: Tampa, Florida

REPRESENTATION OF PARTIES

Albert E. Warner III, hereinafter referred to as "Claimant", appeared pro se.

For Charles Schwab & Company, Inc. ("Schwab"), hereinafter referred to as "Respondent": Garrett R. Wynne, Corporate Counsel, Schwab, San Francisco, California.

CASE INFORMATION

Statement of Claim and Claim Information Sheet filed on or about: November 27, 2002.

Claimant signed the Uniform Submission Agreement: November 27, 2002.

Statement of Answer filed by Respondent on or about: January 17, 2002.

Respondent signed the Uniform Submission Agreement: December 31, 2002.

CASE SUMMARY

Claimant asserted he opened one-half of a strangle strategy by buying a Put option of Down Jones Industrial Ind and tried to transact the second half of the strangle by purchasing a Call but was unable to complete the strategy due to the account being rendered inactive by Respondent with no prior notice to Claimant which caused Claimant to incur a loss in his account.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and asserted various defenses.

RELIEF REQUESTED

Claimant requested actual damages of \$2,717.95 and case-related costs of \$300.00.

Respondent requested that the Panel deny Claimant's Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On or about May 7, 2003, the parties informed NASD Dispute Resolution that they had agreed to conduct the evidentiary hearing telephonically. The chairperson did not have an objection to conducting the hearing telephonically.

AWARD

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

1. Respondent is liable on the claim of breach of contract by wrongfully closing (freezing) Claimant's account thereby preventing the purchase of a call in a "strangle" transaction and shall pay to Claimant compensatory damages in the amount of \$2,717.95.
2. Respondent is liable and shall pay to Claimant the sum of \$50.00 representing reimbursement of the claim filing fee previously paid by Claimant to NASD Dispute Resolution.
3. Any and all claims for relief not specifically addressed herein are denied.

FEES

Pursuant to the NASD Code of Arbitration Procedure (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	= \$50.00
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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(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge	= \$200.00
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Adjournment Fees

Adjournments granted during these proceedings for which fees were assessed:

No requests for adjournments for which fees were assessed were granted in this matter.

Injunctive Relief Fees

Injunctive relief fees are assessed to each member or associated person who files for a temporary injunction in court. Parties in these cases are also assessed arbitrator travel expenses and costs when an arbitrator is required to travel outside his or her hearing location and additional arbitrator honoraria for the hearing for permanent injunction. These fees, except the injunctive relief surcharge, are assessed equally against each party unless otherwise directed by the Panel.

No injunctive relief fees were incurred in this matter.

Forum Fees and Assessments

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

One Pre-hearing session with a single arbitrator @ \$125.00 = \$125.00
Pre-hearing conference: April 24, 2003 1 session

One Hearing session @ \$125.00 = \$125.00
Hearing Date: July 11, 2003 1 session

Total Forum Fees = \$250.00

The Arbitrator has assessed the total forum fees of \$250.00 to Respondent.

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 = \$50.00

Total Fees = \$50.00

Less payments = \$50.00

Balance Due NASD Dispute Resolution = \$0.00

Respondent is solely liable for:

Member Fees = \$200.00

Forum Fees = \$250.00

Total Fees = \$450.00

Less payments = \$200.00

Balance Due NASD Dispute Resolution = \$250.00

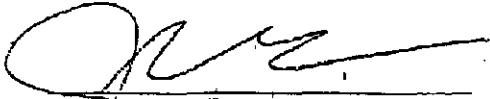
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.

ARBITRATOR

John M. Cullem, Esq.

Public Arbitrator, Presiding Chair

Arbitrator's Signature



John M. Cullem, Esq.
Public Arbitrator, Presiding Chair

7/31/2003

Signature Date

August 1, 2003

Date of Service (For NASD Dispute Resolution office use only)

ARBITRATOR

John M. Cullem, Esq.

Public Arbitrator, Presiding Chair

Arbitrator's Signature

[Signature]

Public Arbitrator, Presiding Chair

7/31/2003

Signature Date

Date of Service (For NASD Dispute Resolution office use only)