

**Award
NASD Dispute Resolution**

In the Matter of the Arbitration Between:)

Name of the Claimant)

Charles Schwab & Co., Inc.)

Case Number: 02-07629

Name of the Respondent)

Charles E. Hughey)

Hearing Site: Indianapolis, Indiana

NATURE OF DISPUTE

Member Firm v. Associated Person

REPRESENTATION OF PARTIES

Richard A. Karoly, Esq. of Charles Schwab & Co., Inc. located in San Francisco, California represented Claimant, Charles Schwab & Co., Inc. ("Schwab"), hereinafter referred to as "Claimant."

Respondent Charles E. Hughey ("Hughey") did not appear in this matter.

CASE INFORMATION

Statement of Claim filed on December 17, 2002. Claimant Schwab signed the Uniform Submission Agreement on December 17, 2002.

Respondent Hughey did not file a Statement of Answer or a Uniform Submission Agreement.

CASE SUMMARY

Schwab asserted the following causes of action: unsecured debit balance due to improper sale of shares. The cause of action relate to 10,000 shares of W Holding Co., Inc. ("WHI"), which was mistakenly deposited into Hughey's account. Schwab asserted that Hughey had no right to claim the WHI shares, Hughey then proceeded to sell the shares and the proceeds were wired out his account into a personal bank account, causing a debit balance in Hughey's account with Schwab.

Respondent Hughey did not file an Answer to the Statement of Claim.

RELIEF REQUESTED

Claimant requested \$226,484.32 in damages for the unsecured debit balance as a result of Hughey's improper sale of WHI; interest at 6% per annum; NASD fees and costs, including travel costs; punitive damages; attorney's fees; and any other relief as the arbitrators deem just and proper.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondent, Charles E. Hughey has been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent Hughey did not file with NASD Dispute Resolution, a properly executed submission to arbitration but is required to submit to arbitration pursuant to the Code and is bound by the determination of the Panel on all issues submitted.

The Claimant agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered.

AWARD

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

1. Respondent, Charles E. Hughey, is solely liable for and shall pay to Claimant, Charles Schwab & Co., Inc., the sum of \$226,484.32 as compensatory damages. Claimant's request for interest at 6% per annum is denied.
2. Except as otherwise specified herein, parties shall bear their own costs, including attorneys' fees.
3. Any and all relief not specifically addressed herein, including punitive damages, is denied.

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	= \$1,000.00
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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, Charles Schwab & Co., Inc. is a party and is assessed the following:

Member surcharge	= \$1,700.00
Pre-hearing process fee	= \$ 750.00

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:

Three (3) Pre-hearing sessions with Panel @ \$1,125.00	= \$3,375.00
Pre-hearing conferences: July 14, 2003	1 session
August 4, 2004	1 session
March 31, 2005	1 session
Total Forum Fees	= \$3,375.00

The Panel assessed 100% of the total forum fees in the amount of \$3,375.00 to Claimant Charles Schwab & Co., Inc.

FFS SUMMARY

1. Claimant, Charles Schwab & Co., Inc. is solely liable for:	
Initial Filing Fee	= \$1,000.00
Member Fees	= \$2,450.00
<u>Forum Fees</u>	<u>= \$3,375.00</u>
Total Fees	= \$6,825.00
<u>Less payments</u>	<u>= \$4,575.00</u>
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

Steve C. Bach, Esq.	-	Public Arbitrator, Presiding Chairperson
Daniel P. Urban	-	Public Arbitrator
Sandra J. Bakalus	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

<u>/s/ Steve C. Bach, Esq.</u>	<u>4/20/05</u>
Steve C. Bach, Esq.	Signature Date
Public Arbitrator, Presiding Chairperson	
<u>/s/ Daniel P. Urban</u>	<u>4/20/05</u>
Daniel P. Urban	Signature Date
Public Arbitrator	
<u>/s/ Sandra J. Bakalus</u>	<u>4/20/05</u>
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4/20/05
Date of Service (For NASD Dispute Resolution office use only)

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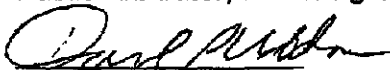
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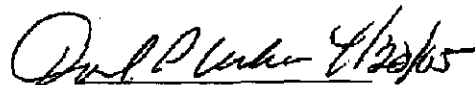
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 Award Page 3 of 3

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