

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Names of Claimants

The Richard Dale Relyea Limited Partnership,
Dennis R. Latimer, and Christie A. Latimer.

Case Number: 04-01092

Hearing Site: Houston, Texas

Names of Respondents

Donaldson Lufkin & Jenrette Securities Corp. and
Richard H. Thompson

NATURE OF DISPUTE

Customers v. Member Firm and Associated Person

REPRESENTATION OF PARTIES

Claimants, Richard Dale Relyea Limited Partnership, Dennis R. Latimer, and Christie A. Latimer, hereinafter referred to as "Claimants," were represented by Theo W. Pinson, Esq., Houston, Texas.

Respondents, Donaldson Lufkin & Jenrette Securities Corp. and Richard H. Thompson, hereinafter referred to as "Respondents," were represented by Rodney Acker, Esq., Ellen B. Sessions, Esq., and Genna Stephens, Esq., Jenkins & Gilchrist, Dallas, Texas.

CASE INFORMATION

The Statement of Claim was filed on or about February 6, 2004. The Submission Agreement for Claimants was signed on or about February 6, 2004.

The Joint Statement of Answer and Motion to Dismiss was filed by Respondents on or about April 13, 2004. The Uniform Submission Agreement for Donaldson Lufkin & Jenrette Securities Corp was signed on or about April 8, 2004. The Uniform Submission Agreement for Richard Thompson was signed on or about April 7, 2004.

Claimants' Response to Respondents' Motion to Dismiss was filed on or about April 29, 2004. Claimants' Supplemental Response to Respondents' Motion to Dismiss was filed on or about August 2, 2004. Respondents' Reply Brief in Support of Motion to Dismiss was filed on or about August 16, 2004.

Claimants' Motion for Reconsideration of the Panel's Order Dismissing Claims and Motion for Leave to File an Amended Statement of Claim was filed on or about September 24, 2004.

Respondents' Opposition to Claimants' Motion for Reconsideration was filed on or about October 21, 2004.

CASE SUMMARY

Claimants asserted the following causes of action: breach of common law fiduciary duty; violations of the Texas Securities Act; unsuitability under the Securities Exchange Act of 1934; breach of contract; violations of the Texas Business and Commerce Code; and negligence and gross negligence. These causes of action relate to Claimants' claims that various high yield bond purchases were unsuitable for Claimants.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim, requested expungement of Respondent Richard H. Thompson's CRD records, and asserted the following defenses:

1. Claimants' claims are barred, in whole or in part, by comparative and/or contributory negligence;
2. Claimants' claims are barred, in whole or in part, because Claimants approved, authorized, ratified and/or acquiesced in the investments in their accounts;
3. Claimants' claims are barred, in whole or in part, by the doctrines of waiver, estoppel ratification, and release;
4. Claimants are barred from recovery, in whole or in part, by the doctrine of laches;
5. Claimants' claims are barred, in whole or in part, because Respondents acted in good faith at all relevant times;
6. Claimants are barred from recovery because Respondents maintained a reasonable system of supervision and control and properly supervised the accounts at issue;
7. Claimants' claims are barred because Respondents handled Claimants' accounts in compliance with applicable brokerage industry standards, guidelines and regulatory requirements, as well as Claimants' own stated investment objectives;
8. Claimants' claims are barred because there is no private cause of action for a violation of the NASD, NYSE or other SRO's rules.
9. Any loss incurred by Claimants was, in whole or in part, caused by the acts of third parties or by conditions and events outside the control of Respondents;
10. Any loss incurred by Claimants was the result of market conditions or other forces beyond the control of Respondents.
11. An award of punitive damages in this case is unwarranted and would constitute a violation of the due process, equal protection and excessive fines clauses of the United States and Texas Constitutions;
12. Chapter 41 of the Texas Civil Practice and Remedies Code sets forth a defense to Claimant's allegations of gross negligence;
13. Claimants' claims are barred, in whole or in part, by their failure to mitigate their damages, if any;
14. Claimants' claims are barred because Claimants would be unjustly enriched if it prevails on its claims and/or any of its causes of action;
15. Claimants' claims are barred, in whole or in part, by the agreements between the parties governing the accounts and activities at issue; and

16. Claimants' claims are barred, in whole or in part, by assumption of risk.

Respondents moved to dismiss Claimants claims based on the applicable statutes of limitation and repose and the NASD six-year eligibility rule. Claimants opposed the motion to dismiss asserting that the doctrine of "fraudulent concealment" and the "discovery rule" tolled the applicable limitations periods.

RELIEF REQUESTED

In their Statement of Claim, Claimants requested:

Actual/Compensatory Damages	\$	3,346,000
Punitive/Exemplary Damages	\$	6,692,000
Interest		Unspecified
Attorneys' Fees		Unspecified
Other Monetary Relief		Unspecified

Respondents requested that Claimants' claims be dismissed with prejudice, that Respondents recover their attorneys' fees and costs, and an expungement.

OTHER ISSUES CONSIDERED AND DECIDED

On or about August 8, 2004, the Panel granted Respondents' Motion to Dismiss, dismissing all of Claimants' claims except Claimant, Richard Dale Relyea Limited Partnership's, claim for the December 2000 purchase of the DHY High Yield Bond Fund.

On or about October 28, 2004, the Panel denied Claimants' Motion to Reconsider the Dismissal Order and Motion for Leave to File an Amended Statement of Claim.

On or about November 18, 2004, Respondents moved for a final Take-Nothing Award based on this Panel's prior Order of Dismissal and further based on Claimant, Richard Dale Relyea Limited Partnership's, acknowledgement that it has no damages arising out of its sole remaining claim for the purchase of DHY in December of 2000. Claimant, Richard Dale Relyea, filed a response admitting that its sole remaining claim contained no damages. Respondents further moved for this Panel to recommend expungement of this arbitration from the CRD records of Respondent Richard H. Thompson.

On or about January 19, 2005, the Panel granted Respondents' Request for a Take-Nothing Award.

AWARD

After considering the parties' submissions and representations, but without making a determination on the merits, the undersigned arbitrators orders as follows:

1. Claimants' claims are hereby dismissed in their entirety with prejudice;
2. Any relief not specifically enumerated, including punitive damages and attorney fees, is hereby denied with prejudice;
3. The Panel recommends the expungement of all reference to the above captioned arbitration from Respondent, Richard H. Thompson'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, Richard H. Thompson, must obtain confirmation from a court of competent jurisdiction before the CRD will execute the Expungement directive; and
4. Other than forum fees, which are specified below, the parties shall each bear their own costs and expenses incurred in this matter.

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	= \$ 600.00
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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 persons at the time of the events giving rise to the dispute. Accordingly, Respondent Donaldson Lufkin & Jenrette Securities Corp. is a party and the following member fees are assessed:

Member surcharge	= \$ 3,750.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 5,500.00

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:

Two (2) Pre-hearing sessions with Panel @ \$ 1,200.00	= \$ 2,400.00
Pre-hearing conferences: July 20, 2004	1 session
August 23, 2004	1 session

Total Forum Fees	= \$ 2,400.00
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The Panel has assessed \$1,200.00 of the forum fees jointly and severally to Claimants, Dale Relyea Limited Partnership, Dennis R. Latimer, and Christie A. Latimer.

The Panel has assessed \$1,200.00 of the forum fees jointly and severally to Respondents, Donaldson Lufkin & Jenrette Securities Corp. and Richard H. Thompson.

FEE SUMMARY

Claimants, Richard Dale Relyea Limited Partnership, Dennis R. Latimer and Christie A. Latimer, are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
<u>Forum Fees</u>	<u>= \$ 1,200.00</u>
Total Fees	= \$ 1,800.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Donaldson Lufkin & Jenrette Securities Corp., is liable for:

Member Fees	= \$ 10,000.00
<u>Less payments</u>	<u>= \$ 10,000.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondents, Donaldson Lufkin & Jenrette Securities Corp. and Richard H. Thompson, are jointly and severally liable for:

Forum Fees	= \$ 1,200.00
<u>Less payments</u>	<u>= \$ 750.00</u>
Balance Due NASD Dispute Resolution	= \$ 450.00

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

ARBITRATION PANEL

Philip L. McConnell, Esq. - Public Arbitrator, Presiding Chairperson
Paul E. Jones, Jr. - Public Arbitrator
James G. Cooper - Non-Public Arbitrator

Concurring Arbitrators' Signatures

/s/ Philip L. McConnell
Philip L. McConnell
Public Arbitrator, Presiding Chairperson

January 21, 2005
Signature Date

/s/ Paul E. Jones
Paul E. Jones
Public Arbitrator

January 20, 2005
Signature Date

/s/ James G. Cooper
James G. Cooper
Non-Public Arbitrator

January 20, 2005
Signature Date

January 20, 2005
Dates of Service (For NASD Dispute Resolution office use only)

ARBITRATION PANEL

Philip L. McConnell, Esq. - Public Arbitrator, Presiding Chairperson
Paul E. Jones, Jr. - Public Arbitrator
James G. Cooper - Non-Public Arbitrator

Concurring Arbitrators' Signatures



Philip L. McConnell
Public Arbitrator, Presiding Chairperson

1-21-05

Signature Date

Paul E. Jones
Public Arbitrator

Signature Date

James G. Cooper
Non-Public Arbitrator

Signature Date

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

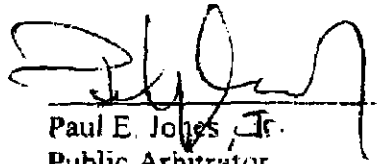
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Concurring Arbitrators' Signatures

Philip L. McConnell
Public Arbitrator, Presiding Chairperson

Signature Date



Paul E. Jones, Jr.
Public Arbitrator

20 Jan. 2005
Signature Date

James G. Cooper
Non-Public Arbitrator

Signature Date

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Philip L. McConnell
Public Arbitrator, Presiding Chairperson

Signature Date

Paul E. Jones
Public Arbitrator

Signature Date


James G. Cooper
Non-Public Arbitrator

1/20/2005
Signature Date

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