

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Among

Richard K. McKeel, Jr. and
Shirley H. McKeel,

Claimants

vs.

Cowen & Co.,

Respondent

and

First Union Brokerage Services, Inc.,

Respondent
Third-Party Claimant

vs.

J.C. Bradford & Co.,

Third-Party Respondent

Case #87-01574

Award

CASE SUMMARY

Claimants alleged that Respondent failed to warn them about the fraudulent activities of Laser Arms Corporation which ultimately resulted in the trading of the stock being suspended by the SEC. Claimants further alleged that Respondents breached their contractual obligations to Claimants by failing to purchase Laser Arms Corporation common stock at its stated value rather than being charged the full listed purchase price plus commission. Respondent, First Union Brokerage Services, Inc., denies any liability and maintains that as a discount brokerage house, it is prohibited by law from offering investment advice to its customers. Its only function is to execute orders requested by its customers. Claimants' purchase of the stock in question was based on their own decision and upon the recommendation and advice of J.C. Bradford & Co. Respondent, Cowen & Company, Inc., maintains that since it acted as the clearing broker for the transaction in question, it bears no responsibility to the Claimants pursuant to the Clearing Agreement between themselves and First Union Brokerage Services, Inc.

RELIEF REQUESTED

Claimants requested damages of \$15,090.00, plus interest. Respondent, Cowen & Co., Inc., requested a dismissal of the claim and additionally, if Cowen & Co., Inc. is found to be liable to the Claimants, it should be entitled to recover any and all such amounts from First Union Brokerage Services, Inc., plus costs and attorneys' fees. Respondent, First Union Brokerage Services, Inc., requested dismissal of the claim of the Claimants and the crossclaim of Cowen & Co., Inc. In addition, if First Union Brokerage Services, Inc. is found to be liable to the Claimants, First Union Brokerage Services, Inc. should be entitled to recover any and all such amounts from J.C. Bradford & Co., Inc. Respondent, J.C. Bradford & Co., Inc., requested a dismissal of the Third-Party claim of First Union Brokerage Services, Inc. and that costs and attorneys' fees be assessed against First Brokerage Services, Inc.

AWARD

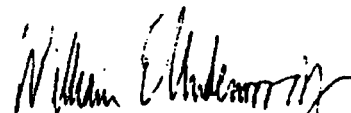
On July 13, 1989, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by both Claimants on August 5, 1987, by Cowen & Co. on December 2, 1987, by First Union Brokerage Services, Inc. on November 19, 1987 and by J.C. Bradford & Co. on March 17, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

- A. The claim of the Claimant shall be and hereby is dismissed in all respects.
- B. The Third-Party Claim as well as all crossclaims shall be and hereby are dismissed in all respects.
- C. The parties shall each bear their respective costs, including attorneys' fees;

D. Pursuant to Section 43 of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain the \$400.00 filing fee previously deposited by the Claimant.

E. Claimant is assessed forum fees in the amount of \$400.00 payable to the NASD, Inc. through its staff administrator in accordance with Section 43 of the Code of Arbitration Procedure.

ARBITRATORS CONCURRING


William E. Underwood, Jr., Esq.


Frederick H. Temple


William H. Williamson, III

Dated: August 24, 1989