

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of Arbitration Between	}	NASD No. 88-00460
CHANDLER P. and NORA WADWA		
Claimants		
v.		
AMERITRADE, INC.		
and JOHN JOE RICKETTS		
Respondents		
v.		
SNC CAPITAL MANAGEMENT CORP.		
Third Party Respondent		

CASE SUMMARY

Chander P. & Nora Wadwa ("Claimants") alleged that Ameritrade, Inc. and John Joe Ricketts ("Respondents") engaged in the following:

1. Respondents improperly and without the Claimant's authorization liquidated the Claimants account;

2. Respondents improperly liquidated the low price issues held in the Claimants account which resulted in the loss of tax benefits to the Claimants;

3. Respondents, after undertaking the liquidation process, failed to liquidate the account at the opening of the market on October 26, 1987 the time at which the Respondents told the Claimants that they were going to liquidate;

4. Respondents improperly sold 100 shares short of Petroleum Helicopters, Inc. in the Claimants account as part of the liquidation process;

5. Ameritrade wrongfully debited Claimants account;

6. The above acts by the Respondents constituted: 1) breach of contract, 2) breach of fiduciary duty, 3) unauthorized trading, and 4) breach of Respondents duty to deal fairly with Claimants pursuant to the NASD's Rules of Fair Practice.

Respondents denied each of the claims of the Claimant and further alleged:

1. Claimants were properly notified of the margin calls and Claimants failed to satisfy the same;
2. Respondents properly liquidated the Claimants' account pursuant to Ameritrade's contract with the Claimants;
3. Claimants were negligent and failed to mitigate their damages;
4. Liquidation of the Claimants account was necessary in order for Ameritrade to avoid substantial risk it was facing in the Claimants account;

Respondents also brought a third party claim against SNC Capital Management Corp. ("SNC") alleging that SNC had contracted to indemnify Ameritrade for certain claims which include the type of claims asserted by the Claimant.

In answer to the third party complaint, SNC alleged that any contract provision between itself and Ameritrade relating to indemnification did not provide for the indemnification against damages that Ameritrade's suffers for its own fraudulent conduct.

RELIEF REQUESTED

Claimants requested damages in amount of \$58,252.50 plus interest, legal fees, costs, and punitive damages of \$100,000.00.

Respondents requested that the claims of the Claimants be dismissed or in the alternative that if the Respondents are found liable for any amounts to the Claimants, then the Respondents be awarded like amount against SNC, or even if Respondents are not found liable to the Claimants, then Respondents be awarded their legal fees and costs against SNC. SNC requested that the third party claim be dismissed.

AWARD

On February 12, 1988 the Claimants filed their statement of claim with the NASD. On November 6 and 7, 1989 the undersigned arbitrators heard the controversy between the parties signed on February 9, 1988 by Nora Wadhwa and by Chander Wadhwa on behalf of himself and SNC Capital Management, Inc. by John Joe Ricketts on May 26, 1988 on behalf of himself individually and Ameritrade, Inc. The hearing was held in Chicago, Illinois at the NASD District Offices in four sessions.

The arbitration panel, having considered the pleadings, the testimony, and the evidence at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Ameritrade, Inc. shall be liable to and pay to Chandler P. Wadhwa and Nora Wadhwa Nine Hundred Fourteen Dollars and Fifty Cents (\$914.50);

2. The Third party claim against SNC is hereby dismissed;

3. The parties shall bear their own costs including attorneys' fees;

4. Pursuant to Section 43 of the NASD Code of Arbitration Procedure the NASD shall refund the \$750.00 filing fee previously deposited by the Claimants and the Respondents Ameritrade, Inc. and John Joe Rickets shall be jointly and severally responsible for payment of \$3,000.00 for forum fees. Forum fees are payable to the NASD through its staff counsel.

BY THE PANEL

S/Arthur Medow, Esq. _____
Presiding Chair

S/Alan J. Fisher, Esq. _____

S/Mark F. Duffy, Esq. _____