

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Raymond Jallow

Claimant

vs.

Tidd Lackey & Co., Inc. and
Donaldson, Lufkin & Jenrette
Securities Corp.

Respondents

AWARD

CASE NO. 88-01271

SUMMARY OF ISSUES

This case was filed with the National Association of Securities Dealers, Inc. ("NASD") on April 20, 1988. Claimant alleged damages in connection with stock purchased through his securities account at Tidd Lackey & Co., Inc. ("Tidd Lackey") for which Donaldson, Lufkin & Jenrette Securities Corp. ("DLJ") was the clearing agent. Specifically, Claimant alleged that Tidd Lackey was a market maker for a group of companies known collectively as the Hammer Companies; that in April 1986, the Hammer stock declined 80% in a matter of hours resulting in Tidd Lackey's inability to settle its trades; and that as the clearing agent, DLJ seized control of Tidd Lackey and refused to execute trade cancellations and sell orders which were previously agreed upon by Claimant and Tidd Lackey, thereby resulting in a loss.

Respondent Tidd Lackey & Co., Inc., duly served with the Statement of Claim, did not file a Statement of Answer nor appear at the hearing.

Respondent Donaldson, Lufkin & Jenrette Securities Corp. denied the allegations and maintained that Claimant's transactions were executed by Tidd Lackey in the normal course of business and the trade cancellations and sell orders allegedly placed by Claimant could not have been routinely cancelled without Tidd Lackey providing the means to do so which Tidd Lackey never attempted to do. Respondent DLJ further maintained that a clearing agent owes no fiduciary duties to the customers of an introducing broker, and that as clearing agent, DLJ is not liable for any fraud or breach of contract between the introducing broker and the customer.

DAMAGES AND RELIEF REQUESTED

Claimant alleged damages, as amended at the hearing, of \$300,352.00 for the stock liquidation, \$319,596.00 for failure to execute, attorneys' fees and costs.

Respondent Donaldson, Lufkin & Jenrette Securities Corp. requested dismissal of the claim, attorneys' fees and costs.

Respondent Tidd Lackey & Co., Inc. did not file an answer nor request any relief. -

DAMAGES AND RELIEF AWARDED

On May 30 and 31, 1990, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant on April 19, 1988 and by Respondent Donaldson, Lufkin & Jenrette Securities Corp. on June 28, 1988. Respondent Tidd Lackey & Co., Inc. did not execute a submission agreement but is subject to the jurisdiction of this arbitration pursuant to Section 1 of the Code of Arbitration Procedure. The hearing was conducted in Los Angeles, California and lasted four sessions. 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:

1. Respondent Donaldson, Lufkin & Jenrette Securities Corp.'s Motion to Dismiss based on statutes of limitation is denied.

2. Each and every claim asserted by Claimant Raymond Jallow against Respondent Donaldson, Lufkin & Jenrette Securities Corp. is dismissed.

3. Claimant Raymond Jallow is awarded the sum of One Hundred Fifty Thousand Dollars and Zero Cents (\$150,000.00) plus interest at 10% per annum from April 28, 1986 to the date the award is satisfied assessed against Respondent Tidd Lackey & Co., Inc. solely.

4. The parties shall each bear their respective costs including attorneys' fees.

5. In accordance with Section 43 of the NASD Code of Arbitration Procedure, the NASD shall retain the \$750.00 filing fee previously deposited by the Claimant. The arbitrators elected not to assess additional sums as forum fees against the parties.

OTHER ISSUES

The parties stipulated to the execution and service of the award in counterpart copies.

PRESIDING ARBITRATORS

DATE SERVED: 07/16/90

Herbert Leslie Greenberg
Herbert Leslie Greenberg

OTHER ISSUES

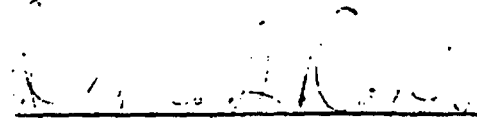
The parties stipulated to the execution and service of the award in counterpart copies.

PRESIDING ARBITRATORS

DATE SERVED: 07/16/90

William R. Newsome

Herbert Leslie Greenberg



Diana G. Davis

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