

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)
GEORGE E. MCELROY)
)
) Claimant)
) and)
)
) THE ILLINOIS COMPANY, INC.,)
) JOHN A. RAASCH & TERRY WINTERS)
)
) Respondents)
_____)

CASE NO. 88-03626

CASE SUMMARY

In a claim filed on or about November 21, 1988, Claimant George E. McElroy ("Claimant") alleged that Respondents The Illinois Company, Inc., John A. Raasch and Terry Winters ("hereinafter collectively referred to as Respondents") engaged in a program to assist and encourage unsuitable speculative short-term options and equity securities trading for Claimant's account through recommendations and suggestions. Respondents allegedly engaged in fraudulent and or negligent conduct violative of the State and Federal Securities law. Additional causes of action alleged were breach of fiduciary duty, breach of oral and written contract, churning and violation of NYSE and NASD rules and the Illinois Consumer Fraud Act.

Respondents maintained that claimant initiated virtually all trades in his account except as to index options purchases and one sale, and denied all allegations of the statement of claim. Additionally, Respondent asserted the affirmative defenses of ratification, waiver and estoppel.

RELIEF REQUEST

Claimant requested compensatory damages of \$58,000, punitive damages of \$40,000 prejudgment interest, reasonable attorney's fees and costs of the arbitration. Respondents sought dismissal of the claims in their entirety for defending the allegedly frivolous action.

AWARD

On December 8, 1989 and January 10, 1990, in Chicago, Illinois during a hearing lasting five sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed on October 13, 1988 by Claimant George McElroy, on January 17, 1989 by E. William Severson on behalf of the The Illinois Company, Inc. and on January 17, 1989 by Respondents Terry Winters and John A. Raasch.

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

1. The claim asserted against Respondents by Claimant shall be and is hereby dismissed in its entirety;

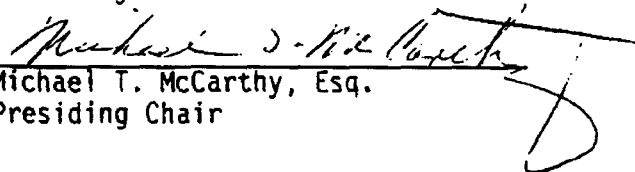
2. The parties shall each bear their respective costs and expenses including any attorney's fees incurred in this matter; and

3. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the National Association of Securities Dealers, Inc. shall retain as forum fees, the \$500.00 filing fee previously deposited with the NASD by the Claimant George McElroy. No additional forum fees are assessed against any party to this proceeding.

Presiding Arbitrators

Dated: _____

/S/


Michael T. McCarthy, Esq.
Presiding Chair

Dated: _____

/S/

Mr. William A. Rogers

Arbitrator Dissenting

Dated: _____

/S/

Charles L. Michod, Sr., Esq.

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Presiding Arbitrators

Dated: _____

/S/

Michael T. McCarthy, Esq.
Presiding Chair

Dated: 2/15/90

/S/

William A. Rogers
Mr. William A. Rogers

Arbitrator Dissenting

Dated: _____

/S/

Charles L. Michod, Sr., Esq.

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Presiding Arbitrators

Dated: _____

/S/

Michael T. McCarthy, Esq.
Presiding Chair

Dated: _____

/S/

Mr. William A. Rogers

Dated: 2/12/90

/S/

Arbitrator Dissenting

Charles L. Michod, Sr., Esq.
Charles L. Michod, Sr., Esq.

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