

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

James D. Floyd

89-02255

Name of Respondent(s)

Interstate Securities Corporation
Arthur M. Klugh III

REPRESENTATION

For Claimant: James S. Belk, Esq.

For Respondents: George C. Covington, Esq. of Kennedy Covington Lobdell & Hickman.

CASE INFORMATION

Statement of Claim filed: August 11, 1989.

Claimant's Submission Agreement signed on: August 7, 1989.

Respondent, Interstate Securities Corporation's Submission Agreement and Corporate Acknowledgment signed by Barry P. Harris, IV, Esq. on behalf of the firm on: October 25, 1989.

Respondent, Arthur M. Klugh, III's Submission Agreement signed on: October 25, 1989.

HEARING INFORMATION

Pre-Hearing Conference: October 7, 1991

Hearing Date/Sessions: May 1, 1990-Two (2) Sessions
 May 2, 1990-Two (2) Sessions
 October 9, 1991-Two (2) Sessions
 October 10, 1991-Two (2) Sessions
 October 11, 1991-Two (2) Sessions
 January 23, 1992-Two (2) Sessions
 January 24, 1992-Two (2) Sessions
 February 14, 1992-One (1) Session

Total number of Sessions: Fifteen (15) Sessions

Hearing Location: Greenville, SC.

ARND-489-02255

CASE SUMMARY

Claimant alleged that Respondents, Interstate Securities Corporation and Arthur M. Klugh, III, breached their fiduciary duty, committed common law fraud and violated numerous provisions of the federal securities law and stock exchange rules in the handling of his account. Additionally, Claimant alleged Respondents engaged in unsuitable trades for Claimant and that Respondents failed to execute orders to liquidate his account.

Respondents denied all allegations of wrong doing and maintained that they executed all orders for Claimant and that they handled Claimant's account in a proper and professional manner.

RELIEF REQUESTED

Claimant requested damages of at least \$418,007.00 plus punitive damages.

Respondents requested dismissal of the Claim and that Claimant be charged all forum fees. Additionally Respondent asked to be awarded a refund of their \$2,000.00 adjournment fee.

OTHER ISSUES CONSIDERED & DECIDED

The arbitration panel decided to waive the forum fees with regard to the first four hearing sessions held on May 1, 1990 and May 2, 1990.

The panel also decided that respondents' request for a return of their adjournment fee shall be denied.

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with the NASD.

VERDICT

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All Claims of the Claimant, James D. Floyd, against Respondents, Interstate Securities Corporation and Arthur M. Klugh, III, shall be and are hereby dismissed in all respects;
2. Claimant's Claim for punitive damages is denied;
3. Respondents' request for a return of their adjournment fee is denied;
4. The parties shall each bear their own costs including attorneys' fees.

MEMO-409-02255

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, The NASD, Inc. shall retain the \$200.00 non-refundable deposit previously deposited by the Claimant and the following Forum Fees are assessed.

One pre-hearing telephone conference = \$300.00

Eleven (11) hearing sessions @ \$750.00 per session = \$8,250.00

Total amount assessable = \$8,550.00.

Forum fees assessed against:

1- Claimant, James D. Floyd in the amount of \$4,250.00. However, The NASD, Inc. shall offset this fee with the hearing session deposit previously deposited by claimant in the amount of \$800.00 (Claimant erroneously paid \$800.00 instead of \$750.00). Therefore, Claimant shall pay forum fees in the amount of \$3,450.00;

2. Respondents, Interstate Securities Corporation and Arthur M. Klugh, III, jointly and severally, in the amount of \$4,250.00. However, Respondents were previously overcharged for an adjournment in the amount of \$1,000.00 therefore the NASD shall offset the amount assessed against Respondents by \$1,000.00. Therefore, Respondents shall pay forum fees in the amount of \$3,250.00.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATION PANEL

Gary L. Tidwell, Esq.
Hugh M. Eggan
Thomas Adamson, IV

Public/Chairman
Public/Panalist
Industry/Panalist

Concurring Arbitrators' Signatures

/s/ _____
Gary L. Tidwell, Esq.

/s/ _____
Hugh M. Eggan

/s/ _____
Thomas Adamson, IV

Date of Decision: March 13, 1992