

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between ;

Don Tait ;

Claimant ;

vs. ;

CASE #91-00370
AWARD

Wilshire Discount Securities, Inc. ;

Wedbush Morgan Securities, Inc. ;

Respondents ;

CASE SUMMARY

Pro Se Claimant Don Tait, in a claim filed with the National Association of Securities Dealers, Inc. on February 5, 1991, alleged that Respondents failed to check the authenticity of the certificate when he inadvertently sold through Wilshire Discount Securities, Inc.-Wedbush Morgan Securities, Inc. as clearing house- Eighty-Four (84) shares of Walt Disney stock. He continues that when he notified Wilshire of the mistake too much time elapsed before the buy back of the stock which had then increased in value. He was then informed of a balance due to satisfy the buy back.

Respondent Wilshire Discount Securities, Inc. by its President Gene L. Roach, Riverside, CA., maintained that Claimant delivered certificates that had been reported and cancelled as lost by Mr. Tait. They continue that Mr. Tait has refused to pay the difference in the market fluctuation that was caused because he failed to deliver good stock.

Respondent Wedbush Morgan Securities, Inc. by its Vice President Marie E. Eaton maintained that it does not make any direct contact with the customers of its introducing brokers and, in fact, requires that customers of introducing brokers affirm through a letter of understanding that their broker is the introducing broker, not Wedbush Morgan Securities, Inc. Mr. Tait signed such a letter on January 2, 1990 and Wedbush Morgan Securities, Inc. states that no cause of action has been asserted against it. They continue that the market risk is the responsibility of the party who made the mistake.

Claimant replied to the Answer of Wilshire Discount Securities, Inc. and Wedbush Morgan Securities, Inc.

Wilshshire Discount Securities, Inc. responded to Mr. Tait's reply.

Wedbush Morgan Securities, Inc. responded to Mr. Tait's reply.

RELIEF REQUESTED

Claimant requested that Wilshire Discount Securities, Inc. and/or Wedbush Morgan Securities, Inc. pay half of the disputed amount-Eight Hundred Ninety-Four Dollars and Ten Cents (\$894.10) which is half of One Thousand Seven Hundred Eighty-Eight Dollars and Twenty-One Cents (\$1,788.21), the amount disputed by Claimant.

Respondent Wedbush Morgan Securities, Inc. request that the claim be dismissed in its entirety.

Respondent Wilshire Discount Securities, Inc. asserted a counterclaim of One Thousand Seven Hundred Eighty-Eight Dollars and Twenty-One Cents (\$1,788.21) plus interest.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure a single Public Arbitrator, James S. Munroe, Sr., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant Don Tait on February 1, 1991 and by the Respondent Wilshire Discount Securities, Inc. on May 11, 1991 and by Respondent Wedbush Morgan Securities, Inc. on May 7, 1991.

And that the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Wilshire Discount Securities, Inc. is liable for Seven Hundred Sixty-Six Dollars and Fifty Cents (\$766.50) of the disputed amount of One Thousand Seven Hundred Eighty-Eight Dollars and Twenty-One Cents (\$1,788.21).
2. The claims of the Claimant against Respondent Wedbush Morgan Securities, Inc. be and hereby are dismissed.

3. The counterclaim of Respondent Wilshire Discount Securities, Inc. for One Thousand Seven Hundred Eighty-Eight Dollars and Twenty-One Cents (\$1,788.21) plus interest be and hereby is dismissed.
4. The parties shall bear their respective costs.
5. The Fifty Dollars (\$50.00) filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained.

AFFIRMATION

I, James S. Munroe, Sr., do hereby affirm upon my oath as arbitrator that I am the individual described herein and who executed this instrument, which is my oath and award.

-----James S. Munroe
James S. Munroe, Sr.

DATED: November 12, 1991

DATED BY THE NASD, INC.: November 12, 1991