

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	:	
Marshall Waller	:	
	:	
Claimant	:	
vs.	:	CASE #91-01815
	:	AWARD
Wedbush Morgan Securities, Inc.	:	
The Chicago Corporation	:	
	:	
Respondents	:	
vs.	:	
Alan Shorr	:	
Respondent	:	

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on June 11, 1991, Claimant Marshall Waller, through his personal representative, Alan L. Shorr, alleged that Respondents, Wedbush Morgan Securities, Inc. and The Chicago Corporation failed to notify the firm of Titan Capital Corp. (where Alan Shorr had contact with the trading desk) regarding an order to purchase 10NYA Oct 190 Puts at the market. The Claimant further alleged that since it took 40 minutes to execute the trade, and he was not notified of a modified rotation for all option orders, he experienced a loss in his account for which he should be compensated.

Respondent, Wedbush Morgan Securities, Inc. through its representative, Marie Eaton, maintained that it acted as Titan Capital's agent regarding this options trade, meaning that the Claimant, by signing an option agreement had agreed to abide by the rules of the exchanges upon which his option orders were executed. The Respondent further maintained that there was no agreement that Wedbush Morgan Securities, Inc. must provide news bulletins to Titan Capital's customers, and therefore, there is no basis for assessing damages against Respondent, Wedbush Morgan Securities, Inc.

Respondent, Wedbush Morgan Securities, Inc. in a counterclaim against Alan Shorr, alleged that Mr. Shorr entered the order on behalf of Claimant, Marshall Waller. It was his duty (since he knew of the existence of the order) to relay any public news concerning the index option to the Claimant.

Respondent, The Chicago Corporation, through its in-house counsel, Joy P. Shulruff, Esq., maintained that it fulfilled all of its obligations under the terms of the Option Correspondent Agreement, and did not breach NYSE rules. This Respondent also maintained that any loss experienced by the Claimant was not due to anything that Respondent, The Chicago Corporation did.

Alan Shorr, as personal representative of Claimant, Marshall Waller and as Respondent to Wedbush Morgan Securities, Inc. counterclaim, maintained that although there is no agreement between Wedbush Morgan Securities, Inc. and Titan Capital Corp., the NYSE announced implementation of Rule 717 to its members so that they could inform their customers about the ramifications of Rule 717. Counter Respondent, Alan Shorr also maintained that he had no ability to learn of the implementation of this rule other than through The Chicago Corp., and therefore holds no liability in this matter.

RELIEF REQUESTED

Claimant, Marshall Waller requested \$7,125.00 in actual damages.

Respondent, Wedbush Morgan Securities, Inc. requested the claims of the Claimant be dismissed or that if there be any finding against it, that Counter Respondent, Alan Shorr be found liable for an equal amount.

Respondent, The Chicago Corp. requested the claims of the Claimant be dismissed.

Counter Respondent, Alan Shorr requested the claims of Wedbush Morgan Securities, Inc. against him be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Thomas E. Higgins, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on July 15, 1991, by the Respondent, Wedbush Morgan Securities, Inc. on September 11, 1991, but not signed by Respondents, The Chicago Corp. or Alan Shorr as required by Sections 12 & 13 of the NASD Code of Arbitration Procedure.

And, 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. The claims of the Claimant, Marshall Waller against Respondents, Wedbush Morgan Securities, Inc. and The Chicago Corporation are dismissed in their entirety.
2. The counterclaim of Respondent, Wedbush Morgan Securities, Inc. against personal representative Alan Shorr are dismissed in their entirety.
3. The parties shall bear their respective costs.
4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc. The \$575.00 filing fee deposited by the Respondent, Wedbush Morgan Securities, Inc. shall also be retained by the NASD, Inc.

AFFIRMATION

I, **THOMAS C. HIGGINS**, 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.



Signature of Arbitrator

DATE OF DECISION: August 25, 1992