

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

---

In the Matter of the Arbitration Between

Name of Claimant

Texas First Securities Corporation

92-02205

Name of Respondent

Texas Enfield, Inc.

---

**REPRESENTATION**

For Claimant: Texas First Securities Corporation was represented by James R. Snell, Esq. of Liddell, Sapp, Zivley, Hill & Laboon, L.L.P., located in Houston, Texas.

For Respondent: Texas Enfield, Inc. was represented by Robert Kelly, Esq. of Groce, Locke & Hebdon, P.C. of San Antonio, Texas.

**CASE INFORMATION**

Statement of Claim filed: July 6, 1992.

Claimant's Submission Agreement signed on: June 25, 1992 by Henry H. Clines, President, Texas First Securities Corporation.

Statement of Answer filed by Respondent Texas Enfield, Inc. on: October 5, 1992.

Respondent Texas Enfield, Inc.'s Submission Agreement signed on: October 1, 1992 by James McCormick, President, Texas Enfield, Inc.

### **HEARING INFORMATION**

Pre-Hearing Conference:               None Held.  
Hearing Date/Sessions:               May 12, 1993 for Two (2) sessions.  
  
Hearing Location:                     Houston, Texas.

### **CASE SUMMARY**

Claimant Texas First Securities Corporation ("Texas First") alleged that Respondent Texas Enfield, Inc. ("Texas Enfield") failed to pay the amount due on a debit balance in its account with Texas First. Texas First alleged that:

1. On or about June 5, 1990, Texas Enfield executed an Option Account Application and Agreement. In addition, on or about October 2, 1990, Texas Enfield executed a Customer's Margin Agreement with Texas First;
2. During 1991 and 1992, Texas Enfield engaged in substantial trading, executing equity and option orders. During the week of April 13, 1992, the value of Texas Enfield's account suffered a precipitous decline, primarily because of a drop in the price of Centocor, Inc. on April 15, 1992. The account declined from approximately \$183,000.00 on April 14, 1992 to a debit balance of \$113,999.04 after liquidation of the account, substantially all of which occurred on Monday, April 20, 1992;
3. Texas Enfield was verbally advised of the debit balance and it was shown on the April statement. Formal demand for payment was made by letter dated May 13, 1992.

Respondent Texas Enfield denied owing the amount of the debit balance, alleging that during the week of April 13, 1992 to April 20, 1992, its broker servicing the account continually provided information that indicated there was sufficient equity in the account to continue trading in response to inquiries regarding the account balance. However, no specific numbers were provided though requested by Texas Enfield, preventing any remedial measures. Therefore, Texas Enfield alleged that the debit balance was caused by the misleading and inaccurate information provided by Texas First.

### **RELIEF REQUESTED**

Claimant Texas First requested entry of an award for the outstanding debit balance of \$113,999.04, plus interest at the specified rate of the Customer's Margin Agreement; attorneys' fees pursuant to Par. 38.001 of the Texas Civil Practice and Remedies Code; and costs.

Respondent Texas Enfield requested that it be relieved of any asserted obligations claimed by Texas First and that Texas First be required to pay any reasonable attorneys' fees and costs generated by this action.

### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may 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.

### **AWARD**

After considering the pleading, 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. Respondent Texas Enfield, Inc. is liable for and shall pay to Claimant Texas First Securities Corporation the sum of \$113,999.04 plus interest at the rate of 10% per annum from the date of service of this award until paid;
2. In addition, Respondent Texas Enfield, Inc. is liable for and shall pay to Claimant Texas First Securities Corporation the sum of \$250.00 as reimbursement of one-half of the non-refundable claim filing fee;
3. The parties shall bear their own costs of arbitration, including attorneys' fees, except for those specifically enumerated herein.

**FORUM FEES**

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed: Two (2) hearing sessions x \$750.00 per session = \$1,500.00.

The National Association of Securities Dealers, Inc. shall retain the \$500.00 claim filing fee and the \$750.00 hearing session deposit previously deposited by the Claimant, Texas First Securities Corporation. Respondent Texas Enfield, Inc. is liable for and shall pay to the NASD the sum of \$750.00 as forum fees.

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

Concurring Arbitrators' Signatures

Name

Date

Dean J. Capp, Esq.  
Dean J. Capp, Esq.  
Public Arbitrator  
Chairperson

August 19, 1993

Kathryn Ann McCoach  
Kathryn Ann McCoach  
Public Arbitrator

August 19, 1993

Morris Rubin  
Morris Rubin  
Industry Arbitrator

August 19, 1993

For NASD Use Only

Date of Service of Award: 8-23-93