

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Joyce E. and Edward White Jt Ten

93-02878

Name of Respondent

Charles Schwab & Company, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on July 26, 1993, Claimants Edward & Joyce White, who appeared Pro Se, alleged that Respondent Charles Schwab & Co., Inc. wrongfully bought back shares of Gulf States Utilities Preferred B stock, when there was a partial call on the stock, causing a debit balance in their account. The Claimants further alleged that the branch manager Tom Taylor had agreed to give them 20% of all trades until the debit balance was cleared, but that they later took back the offer. The Claimants contended that the Respondent used a bad faith approach in resolving this issue, and therefore, they should be compensated for their loss.

Respondent Charles Schwab & Company, Inc., through its in-house counsel, Richard S. Dangerfield, Esq., maintained that the buy-in of the Claimants' shares was properly conducted pursuant to New York Stock Exchange Rules, and the charge for the buy-in was appropriate. The Respondent further maintained that the tentative settlement agreement was predicated upon two conditions: First, the Claimants were to maintain the majority of the securities in their Schwab account and second, the buy-in charges would be credited over time in the form of 20% commission discounts on their trades; but since the Claimants did not meet either of these conditions, the agreement fell through and Schwab was not obligated to credit their account.

RELIEF REQUESTED

Claimants Edward & Joyce White requested \$1,000.00 in actual damages.

Respondent Charles Schwab & Company, Inc. requested that the claims of the Claimants be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Harry E. Jennings, Jr., Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on July 19, 1993 and by the Respondent on September 13, 1993.

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 Claimants Edward & Joyce White, JT TEN against Respondent Charles Schwab & Company, Inc. are dismissed in their entirety.
2. The parties shall bear their respective costs.
3. The \$30.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD, Inc.

AFFIRMATION

I, HARRY E. JENNINGS, JR., ESQ., 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: December 8, 1993