

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between.

Name of Claimant

Glenn L. King

93-02964

Name of Respondents

Southwest Securities, Inc.;
Knibbe Financial Group, Inc.;
Charles Knibbe;
Stanley McIntyre.

REPRESENTATION

For Claimant: Glenn L. King ("King") was represented by William S. Shepherd, Esq. of Houston, Texas.

For Respondents: Southwest Securities, Inc. ("Southwest") was represented by Will S. Montgomery, Esq. of Jenkins & Gilchrist, located in Dallas, Texas.

Knibbe Financial Group, Inc. ("Knibbe Inc.") and Charles Knibbe ("Knibbe") were represented by Richard A. Armaugh, Esq. of Houston, Texas.

Stanley McIntyre ("McIntyre") appeared pro se.

CASE INFORMATION

Statement of Claim filed: July 30, 1993.

Claimant's Submission Agreement signed on: July 29, 1993.

Motion to Dismiss and Statement of Answer filed by Respondent Southwest on: September 27, 1993.

Respondent Southwest's Submission Agreement signed on: September 27, 1993 by Jerome S. Wade, Vice-President and General Counsel, Southwest Securities, Inc.

Response to Motion to Dismiss and Statement of Answer filed by Claimant King on: October 13, 1993.

Statement of Answer filed by Respondents Knibbe Inc. and Knibbe on: November 15, 1993.

Respondent Knibbe Inc.'s Submission agreement signed on: November 9, 1993 by Charles Knibbe, President, Knibbe Financial Group, Inc.

Respondent Knibbe's Submission Agreement signed on: November 9, 1993.

Respondent McIntyre did not file an executed submission agreement or an answer.

HEARING INFORMATION

Pre-Hearing Conference: None Held.

Hearing Date/Sessions: April 12, 1994 for Two (2) sessions.

Hearing Location: Houston, Texas.

CASE SUMMARY

Claimant King alleged that Respondent McIntyre, while employed by or acting as an agent for Respondents Southwest and Knibbe Inc., placed King's assets in unsuitable option trading given King's financial objectives and situation. In addition, King alleged that Respondents had engaged in unauthorized trading and misrepresented the security of the transactions conducted in King's account.

Based upon the above allegations, King asserted claims for damages under the Texas Deceptive Trade practices-Consumer Protection Act ("DTPA"); damages under the Federal Securities Exchange Act; damages for common law fraud, negligent misrepresentation, civil conspiracy and breach of fiduciary duty; and damages under the Federal RICO statute.

Respondent Southwest denied any liability under the Statement of Claim and motioned for dismissal, alleging that it performed only as the clearing broker for Knibbe Inc., it did not provide King with any investment advice or recommendations, and had no contract with or control of King or his accounts.

Respondents Knibbe Inc. and Knibbe denied the material allegations of the Statement of Claim, alleging that King had substantial knowledge of securities transactions and option trading; discussed all risks of the trading with McIntyre; all trades were consented to by King and executed at his direction; King had executed an option agreement indicating he had the necessary option experience prior to his account being transferred to Knibbe; and all confirmations were sent to the address supplied by King.

RELIEF REQUESTED

Claimant requested entry of an award against Respondents, jointly and severally, for at least \$50,000.00 plus costs and interest, and including actual damages, treble damages and attorneys'

4. The parties shall bear their own costs of arbitration, including attorneys' fees, except for those specifically enumerated herein:
5. All relief not specifically granted is hereby denied.

FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the following Forum Fees are assessed: Two (2) Hearing sessions x \$400.00 per session = \$800.00.

The National Association of Securities Dealers, Inc. shall retain the \$120.00 claim filing fee and the \$400.00 hearing session deposit previously deposited by the Claimant, Glenn L. King. Respondents Stanley McIntyre and Knibbe Financial Group, Inc. are jointly and severally liable for and shall pay to the NASD additional forum fees in the sum of \$400.00.

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

Concurring Arbitrators' Signatures

Name

Date

/s/ Leighton E. Moss, Esq.
Leighton E. Moss, Esq.
Public Arbitrator
Chairperson

June 22, 1994

/s/ Theodore S. Davis
Theodore S. Davis
Public Arbitrator

June 23, 1994

/s/ Thomas A. Thornhill, Jr.
Thomas A. Thornhill, Jr.
Industry Arbitrator

June 22, 1994

For NASD Use Only

Date of Decision: 6-24-94