

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimants

Arthur A. Lindefield

93-05020

Name of Respondents

Hanover Sterling & Co., Ltd.
RPR Clearing Services

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on December 3, 1993, Claimant Arthur A. Lindefield, who appeared Pro Se, alleged that his broker at Respondent Hanover Sterling & Co., Ltd. ("Hanover Sterling") consistently refused to honor his requests for stop-loss orders concerning his shares of Alter Sales, Inc. and Creative Learning Products, Inc. Claimant further alleged that Respondent Hanover Sterling failed to execute his written and oral instructions to sell 8,000 Builders Express Inc. warrants in a timely fashion. Claimant contended that Respondent Hanover Sterling failed to properly show the market value of his stock. As a result of the above, Claimant alleged that he has suffered damages for which the Respondents should be liable.

Respondent Hanover Sterling & Co., Ltd., through its in-house counsel M. David Sayid, Esq., New York, New York, maintained that stop-loss orders can only be placed on New York Stock Exchange listed securities, and not on NASDAQ listed securities. Respondent further maintained that it never received a stop-loss order from Claimant regarding the securities in question. Respondent contended that Claimant's allegation concerning the improper valuation of Builders Express Inc. warrants is totally erroneous and meritless. Respondent further contended that the Claimant has been improperly reading his statement for the valuation of the Builders Express Inc. warrants, and that Claimant was informed by Respondents that these warrants were worthless for some time. As a result of the above, Respondent contended that it should not be held liable in this matter.

Respondent RPR Clearing Services ("RPR"), through its in-house counsel James T. Ritt, Esq., Dallas, Texas, maintained that it provides clearing and execution services on a fully disclosed basis to broker dealers such as Respondent Hanover Sterling. Respondent RPR further maintained that it is the responsibility of Respondent Hanover Sterling, pursuant to the terms of their clearing agreement, to appropriately record and transmit orders of the accounts of customers. Respondent RPR contended that in the event it is assessed any liability for the failure to properly execute stop-loss orders or for the suitability of the trades in question, it should recover from Respondent Hanover Sterling for any such liability apportioned to it. As a result of the above, Respondent RPR contended that it should not be held liable in this matter.

RELIEF REQUESTED

Claimant Arthur A. Lindefield requested \$7,258.25 in actual damages.

Respondent Hanover Sterling & Co., Ltd. requested that the Claimant's Statement of Claim be dismissed in its entirety.

Respondent RPR Clearing Services requested that the Claimant's Statement of Claim be dismissed in its entirety, and in the event that any liability is apportioned against it, an award be rendered in its favor against Respondent Hanover Sterling & Co., Ltd.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single public arbitrator, Cynthia H. Plishtin, was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on November 18, 1993, by Respondent Hanover Sterling & Co., Ltd. on April 18, 1994, and by Respondent RPR Clearing Services on February 10, 1993.

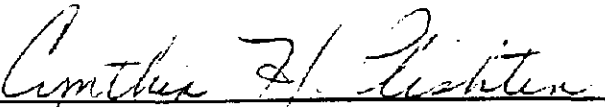
And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent Hanover Sterling & Co., Ltd. is liable and shall pay to Claimant Arthur A. Lindefield \$820.25 in actual damages, plus the cash balance in Claimant's account of \$438.52 if not already remitted.

2. Respondent Hanover Sterling & Co., Ltd. is liable and shall pay to Claimant Arthur A. Lindefield simple interest at the rate of 6% per annum from January 25, 1993 to the date of payment of the award.
3. Claimant Arthur A. Lindefield's claims against Respondent RPR Clearing Services are dismissed in their entirety.
4. The parties shall bear their respective costs, including attorney's fees.
5. 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. Respondent Hanover Sterling & Co., Ltd. is liable and shall pay to Claimant Arthur A. Lindefield \$150.00 as reimbursement of the filing fee.

AFFIRMATION

I, CYNTHIA H. PLISHTIN, do hereby affirm upon my oath of 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 31, 1994

Page Four
Award 93-05020

STATE OF: *New Jersey*

SS:

COUNTY OF:

On this 19th day of August 19 94, before me personally appeared **CYNTHIA H. PLISHTIN** to me known and known before me to be the individual described in and who executed the foregoing instrument and she duly acknowledged to me that she executed the same.

Dolores M. Luksig

DOLORES M. LUKSIG
A NOTARY PUBLIC OF NEW JERSEY
My Commission Expires Sept. 18, 1997