

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant(s)

Thomas F. Langston

95-01850

Name of Respondent(s)

NationsSecurities

REPRESENTATION

For Claimant Thomas F. Langston: Craig M. Frankel, Esq., of the law firm of Meadows Ichter and Trigg, Atlanta, GA.

For Respondent NationsSecurities: Cory Hohnbaum, Esq., of the law firm of Kennedy, Covington, Lobdell and Hickman, LLP, Charlotte, NC.

CASE INFORMATION

Statement of Claim filed: April 17, 1995.

Claimant's Submission Agreement signed on: March 1, 1995.

Statement of Answer filed by Respondent NationsSecurities on: June 27, 1995.

Respondent NationsSecurities' Submission Agreement signed on: May 9, 1995.

HEARING INFORMATION

Hearing Date/Session: October 31, 1995 - Two Sessions.

Hearing Location: The Nikko Hotel, Atlanta, GA.

CASE SUMMARY

Claimant alleged he opened a joint account with a right of survivorship with Mrs. Cathy W. Lott and she died in late May of 1994. Claimant alleged that Respondent breached its brokerage account agreement and its fiduciary duties under Georgia law by a) improperly freezing his account and refusing to give Mr. Langston access to funds for the purchase of stock in Valujet at or around the initial public offering which Mr. Langston wanted to purchase and then sell shortly thereafter b) improperly charging Mr. Langston a surrender fee to close the account; and c) not informing Mr. Langston until May 3, 1994 that his account was frozen pending "processing" of the transfer of the account to Mr. Langston and not informing Mr. Langston that he did have access to the account until July 19, 1994 after numerous

complaints by Mr. Langston. Claimant further alleged that had he known on June 3, 1994 that NationsSecurities would act improperly, he would have attempted to close the account at that time as the value of the account was significantly lower on July 19, 1994 than it was on June 3, 1994.

Respondent NationsSecurities maintained that the Claimant did not direct NationsSecurities to purchase the stock in Valujet for him at any time and there is no way, beyond pure speculation to know when he would have bought the stock, for what amount, or when he would have sold the stock. Respondent further maintained the Claimant received a prospectus for each fund which accurately described when a sales charge would be imposed. Respondent NationsSecurities next maintained the Claimant was properly informed regarding the contingent deferred sales charge and no basis exists for him to escape liability for those charges. Respondents next maintained Mr. Langston's claim for damages due to the decline in the value of some of the investments in the account from June 3, 1994 until July 19, 1994 is without merit because the Claimant never told his account executive to liquidate the account or directed him to make any purchases. Respondent NationsSecurities next maintained the Claimant only mentioned his interest in Valujet once to his account executive and he did not request that his account executive watch the market and notify Claimant when the stock began trading and it was obvious the Claimant was not watching for the stock to begin trading because if he was he would have notified his account executive and attempted to expedite the process of having the deceased joint tenant's name taken off the account and Mr. Langston would not have known when Valujet began trading. Therefore, the Claimant would not have been in a position to take advantage of the stock's price surge.

RELIEF REQUESTED

Claimant requested the following damages at the hearing:

Contingent Deferred Sales Charge:	\$ 4,775.83
Lost Profits on ValueJet Stock :	\$49,350.00
Loss Value of account :	\$ 4,583.18
Attorneys' fees and expenses :	\$ 3,639.52
Arbitration fees :	\$ 650.00

Respondent NationsSecurities requested a dismissal of all claims against them.

AWARD

After considering the pleadings, 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. Prior to the commencement of the first hearing session the arbitration panel was informed that the parties had reached an agreement on the issue concerning the contingent deferred sales charge and, therefore, the Claimant is awarded the sum of \$4,775.83.
2. The Respondent NationsSecurities be and hereby is liable and shall pay to the Claimant the sum of \$9,125.00 representing the total lost profits in the account.
3. The Respondent NationsSecurities be and hereby is liable and shall pay to the Claimant the sum of \$650.00 to reimburse him for the claim filing fee and hearing session deposit previously paid to the NASD.

4. Each party shall bear their respective attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed:

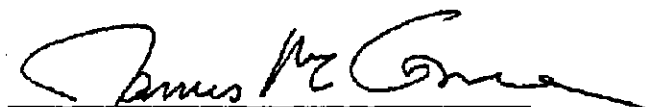
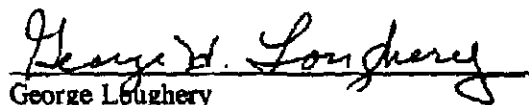

claim filing fee: \$ 150.00
hearing session fees: \$ 500.00 x 2 = \$1,000.00
Total fees: \$1,150.00

The undersigned arbitrators have determined that the Respondents shall bear the cost of arbitration.

1. The Respondent shall pay the sum of \$1,150.00 less the \$650.00 filing fee = net \$500.00 due.

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

ARBITRATOR'S SIGNATURE


James R. McGuone, Esq.
Public Arbitrator
George Loughery
Public Arbitrator
P. Parks Duncan
Industry Arbitrator

Date of Decision: December 12, 1995