

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Cantor Fitzgerald Partners

95-02910

Name of Respondent

LaSalle National Bank

REPRESENTATION

For Claimant, Cantor Fitzgerald Partners ("Claimant"), appeared Edward J. Boyle of the law firm Wilson, Elser, Moskowitz, Edelman & Dicker located in New York, New York.

For Respondent, LaSalle National Bank ("Respondent"), appeared Daniel Feldman, Esq. of the law firm Schwartz, Cooper, Greenberger & Krauss located in Chicago, Illinois.

CASE INFORMATION

Statement of Claim was filed on: June 15, 1995.

Claimant's Submission Agreement was signed on: June 13, 1995.

Statement of Answer was filed on: January 10, 1996.

Respondent's Submission Agreement was signed on: January 5, 1996.

HEARING INFORMATION

Pre-Hearing Dates/Sessions:	April 10, 1996	-	1 Session
Hearing Dates/Sessions:	September 3, 1996	-	2 Sessions
	September 4, 1996	-	2 Sessions

The hearings were held at the offices of the National Association of Securities Dealers, Inc. located in New York City, New York.

CASE SUMMARY

Claimant alleged that this arbitration arises out of a prior arbitration case with Alex, Brown & Sons, Incorporated ("Alex Brown"). Claimant further alleged that on April 16, 1993, Respondent informed them that it had an interest in acquiring \$2 million of University of Southern California ("USC") revenue bonds at 9.35%, due 2000. Claimant also alleged that on Respondent's behalf they conveyed this interest to Alex Brown. Claimant asserted that although they did not disclose the identity of the ultimate purchaser, Alex Brown understood that a party other than the Claimant was the ultimate purchaser.

Claimant further asserted that on April 16, 1993, Respondent's bid was the high bid as of 1:30 P.M. and Respondent was determined to be the purchaser of the bonds. Claimant also asserted that following this event, and later in the day, Respondent's trader informed Claimant that it had misgivings about proceeding with the transaction. Claimant contended that when Respondent learned that its bid was determined to be the high bid, it agreed to place the USC bonds out for re-bidding at a price which would have provided it with a profit. Claimant further contended that during the afternoon of April 16th, Respondent advised them that it was not going on honor its obligation and accept delivery of the USC bonds.

Claimant also contended that it contacted Alex Brown and requested that they assist in liquidating the USC bonds by pursuing a "cover bid". Claimant alleged that Alex Brown did not respond to this request and indeed took no affirmative steps on April 16th to attempt to liquidate the USC bonds or to otherwise assist in liquidating the damages that would likely flow from Respondent's determination not to accept delivery of the USC bonds.

Claimant further alleged that at all times it was acting upon the instruction of Respondent. Claimant also alleged that it believes the arbitrations panel's decision in the Alex Brown matter will irrefutably affirm that there was no justifiable basis upon which Respondent could have correctly declined delivery of the bonds.

Respondent maintained that Claimant called on April 16, 1993, stating that Claimant was distributing a list of taxable municipal bonds on which bids were being solicited. Respondent further maintained that Claimant sent them a two page list upon their request. Respondent also maintained that the list described the USC revenue bond, as paying 9.35% interest, due on October 1, 2000 and described as "n/c". Respondent contended that they understood "n/c" to mean non-callable.

Respondent further contended that shortly before noon on April 16, 1993, it gave Claimant a bid of 114.007 for \$2 million of the USC bond. Respondent also contended that it believes Claimant then submitted its own, somewhat lower, bid to Alex Brown. Respondent maintained that shortly after 1:00 P.M., Claimant called requesting an extension of the bid expiration until 2:00 p.m., which it agreed to. Respondent further maintained that a half hour later, Claimant called and told them it that they had bought the bonds. Respondent also maintained that approximately fifteen minutes later, it learned that the bonds had probably been misdescribed and were in fact callable under a special redemption feature. Respondent contended that it immediately called Claimant and told them that it would not take the callable bonds and that they should be sold to other bidders.

Respondent further contended that Claimant's description of the bonds as non-callable was a material misstatement of fact. Respondent also contended that Claimant had a duty to mitigate damage by reselling the bonds as soon as it was advised by them of the error. Respondent maintained that it did not receive a confirmation of the sale from Claimant and believes that fact reflects Claimant's understanding

at the time that its error in describing the bonds made the sale ineffective.

RELIEF REQUESTED

Claimant Cantor Fitzgerald Partners requested the cost it incurred in the Alex Brown arbitration as well as the amount of any award that may be entered in favor of Alex Brown as against Cantor Fitzgerald Partners.

Respondent LaSalle National Bank requested that the claim of the claimant be dismissed in its entirety.

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 pleadings, the testimony and the evidence presented at the hearing and submissions, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent LaSalle National Bank be and hereby is liable and shall pay to the Claimant \$232,948.25 in compensatory damages.
2. Each party shall bear its own costs, including attorney's fees.
3. All other claims be and hereby are denied.

FORUM FEES

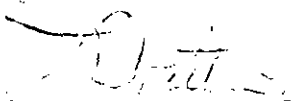
Pursuant to Section 10205 of the NASD Code of Arbitration Procedure, the arbitrators have determined that the NASD shall retain the \$250.00 non-refundable filing fee previously paid to the NASD by Claimant and have assessed the following Forum Fees.

1 Pre-Hearing Session X \$300.00	=	\$300.00
4 Hearing Sessions X \$600.00	=	\$2,400.00
minus Hearing Session deposit \$600.00	=	<u>\$600.00</u>
Total outstanding	=	\$2,100.00

Respondent LaSalle National Bank be and hereby is liable and shall pay to the NASD the sum of \$2,100.00 representing outstanding forum fees. Respondent LaSalle National Bank be and hereby is liable and shall pay to the Claimant \$600.00 as reimbursement for the filing fee previously deposited by Claimant.

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

ARBITRATORS' SIGNATURE



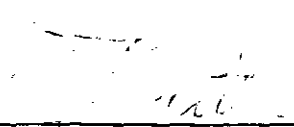
Lawrence A. Pittore, Esq.
Public Arbitrator/ Chairperson

Richard E. Lerner, Esq.
Public Arbitrator/Panelist

Donald J. Rasweiler
Industry Arbitrator/Panelist

Date of Decision : October 17, 1996

I, Lawrence A. Pittore, do hereby affirm that this is my decision in the above captioned matter.



Lawrence A. Pittore

Date of decision: October 17, 1996

ARBITRATORS' SIGNATURE

Lawrence A. Pittore, Esq.
Public Arbitrator/ Chairperson

Richard E. Lerner

Richard E. Lerner, Esq.
Public Arbitrator/Panelist

Donald J. Rasweiler
Industry Arbitrator/Panelist

Date of Decision: October 17, 1996

I, Richard E. Lerner, do hereby affirm that this is my decision in the above captioned matter.

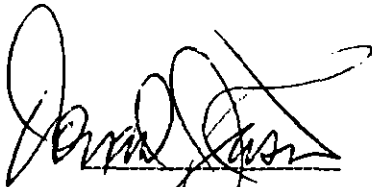
Richard E. Lerner
Richard E. Lerner

Date of Decision : October 17, 1996

ARBITRATORS' SIGNATURE

Lawrence A. Pittore, Esq.
Public Arbitrator/ Chairperson

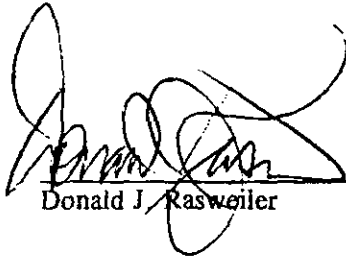
Richard E. Lerner, Esq.
Public Arbitrator/Panelist

A handwritten signature in black ink, appearing to read "Donald J. Rasweiler", written over a horizontal line.

Donald J. Rasweiler
Industry Arbitrator/Panelist

Date of Decision: October 17, 1996

I, Donald J. Rasweiler, do hereby affirm that this is my decision in the above captioned matter.



Donald J. Rasweiler

Date of Decision : October 17, 1996