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N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

The Huntington Investment Company

95033 18

Name of Respondents

David L. & Tana L. Hendrix

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**CASE SUMMARY**

In a claim filed with the National Association of Securities Dealers, Inc. on July 11, 1996, Claimant, The Huntington Investment Co. ("Claimant"), through its representative and in-house counsel, Richard Chiu, Esq., alleged that Respondents, David L. and Tana L. Hendrix ("Respondents"), have failed to surrender shares of stock which rightfully belong to Claimant. Claimant further alleged that on December 7, 1994, it announced a two for one stock split of DHR stock to shareholders of record as of December 16, 1994. Claimant contended that this stock split was payable on January 20, 1995, with an ex-date of January 23, 1995. Claimant further contended that Respondents had possession of the DHR stock certificates, representing 200 shares, as of the record date, and that on January 3, 1995, they placed a sell order for 200 shares of DHR, and were instructed to deliver the certificates to Claimant. Claimant alleged that upon receipt of the certificates, it executed the Respondents' sell order, prior to the January 23, 1995 ex-date. Claimant further alleged that on January 10, 1995, it paid the Respondents for the stock, and later sent a monthly statement with the notation "with due bills" and two letters requesting that Respondents surrender the shares issued from the split. Claimant alleged that due to the timing of these transactions, it had erroneously issued the split shares to Respondents, and that because Respondents had sold back the stock before the exdate, they were not entitled to the split shares. Claimant further alleged that because the Respondents refused to surrender the stock split shares, their account had a short position. Claimant contended that in order to cover this position, per regulations, it had to buy-in the position at a loss, for which the Respondents should be held liable.

Respondents, David L. and Tana L. Hendrix, who appeared Pro Se, maintained that they owned 200 shares of DHR in early December, 1994, and that the stock split on December 7, 1994, on a 2 for 1 basis. Respondents further maintained that they contacted Claimant to inquire about selling some of their DHR stock and they were told they could sell 200 shares and receive about \$10,000.00, which they did. Respondents further contended that they sold 200 shares of DHR to Claimant for \$10,000.00, for which they were paid the appropriate amount, and then they delivered the appropriate number of shares to Claimant. Respondent maintained that they committed no wrongdoing, and therefore they should not be held liable.

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### RELIEF REQUESTED

Claimant, The Huntington Investment Co., requested that Respondents David L. and Tana L. Hendrix promptly deliver the 200 DHR certificates issued from the stock split, to cover the debit balance in their account, plus interest.

Respondents, David L. and Tana L. Hendrix, requested that the claims of the Claimant The Huntington Investment Co., be dismissed in their entirety.

### AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Patrick D. Carroll, Esq., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant, The Huntington Investment Co., on June 29, 1995, and by the Respondents David L. and Tana L. Hendrix, on November 13, 1995.

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. Respondents, David L. and Tana L. Hendrix shall surrender to the Claimant, The Huntington Investment Co., the stock certificates representing 200 post-split DHR shares, or in the alternative, shall pay to Claimant Huntington Investment Co. \$5,866.93, representing the costs incurred by Claimant to cover the Respondent's short position in their account.
2. With respect to dividends, if any, received by Respondents David L. and Tana L. Hendrix subsequent to their order to sell the DHR stock, the amount of such dividends shall be paid to Claimant The Huntington Investment Co.
3. The \$575.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant, The Huntington Investment Co., shall be retained by the NASD, Inc. The Respondents David L. and Tana L. Hendrix are liable and shall pay to the Claimant The Huntington investment Co., \$575.00 as reimbursement of the filing fee.

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**AFFIRMATION**

STATE OF *INDIANA*

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ss:

COUNTY OF *MONROE*

I, *PATRICK D. CARROLL*, 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.

A handwritten signature in cursive script, appearing to read "Patrick D. Carroll", written over a horizontal line.

Signature of Arbitrator

**DATE OF DECISION:** June 20, 1996