

NASD REGULATION AWARD

In the Matter of the Arbitration Between

Name of Claimant

Lelia Dabney Gregory Trust

96-00852

Name of Respondents

Robert Todd Financial Corp.
Jeffrey Leech

REPRESENTATION

For Claimant Lelia Dabney Gregory Trust ("Claimant" or "Gregory Trust") appeared Robert H. McKnight Esq. of the law firm England & McKnight located in Atlanta, Georgia.

Respondent Robert Todd Financial Corp. ("RTF") did not appear

For Respondent Jeffrey Leech ("Leech") appeared Louise Duffy Esq. of the law firm Sutherland, Asbill & Brennan located in Atlanta, Georgia.

CASE INFORMATION

The Statement of Claim was filed on February 16, 1996. Claimants' Submission Agreement was signed on September 14, 1996.

A Statement of Answer was filed by Respondent Leech on May 17, 1996. Respondent Leech's Submission Agreement was signed on May 17, 1996.

Respondent RTF did not file an Answer or a Submission Agreement as required by Rule 10314(b) of the Code of Arbitration Procedure.

HEARING INFORMATION

Pre-Hearing Conference:	February 14, 1997	-	One Session
Hearing dates/sessions:	February 20, 1997	-	Two Sessions
	February 21, 1997	-	Two Sessions
	February 22, 1997	-	One Session

The hearings were held at the Grand Hyatt Hotel in Atlanta, Georgia.

CASE SUMMARY

Claimant alleged that it is a Trust for Lelia Dabney Gregory ("Mrs. Gregory") and that Lynne Gregory Jackels and Robert E. Jackels are Executors of the estate of Mrs. Gregory. Claimant further alleged that RTF is a stock brokerage firm and a control person. Claimant also alleged that, at all relevant times, Leech was a securities broker and an employee and/or agent controlled by RTF. Claimant asserted that, in September 1992, Mrs. Gregory was an 87 year old widow who, at the solicitation of Leech, moved the bulk of the assets of the Gregory Trust from Prudential Bache to RTF. According to claimant, during the next eleven months, Leech undertook a course of fraudulent business conduct in order to maximize Respondents' own profits and income at the expense of the Gregory Trust including excessive and inappropriate trading. Claimant also asserted that Mrs. Gregory and the Gregory Trust never granted Respondents discretionary authorization to trade the Gregory Trust account. Claimant contended that the trades the Respondents made were for the purpose of enhancing their commissions without regard for the interests of Mrs. Gregory or the Gregory Trust. Claimant further contended that, during the last three months of 1992, sales of \$321,234.00 in securities were transacted for the Gregory Trust account and purchases were made in the amount of \$135,373.00. Claimant also contended that Respondents' churning of its account was a fraudulent practice and device involving the use of the mail and the means and instrumentalities of interstate commerce. Claimant maintained that, as a consequence of the breaches of their duties to Mrs. Gregory and the Gregory Trust, Respondents earned substantial commissions on the transactions and at the same time caused losses to the Gregory Trust in the amount of at least \$49,629.00. Claimant further maintained that, due to the inappropriate sale of 2,400 shares of American Brands, Inc., Respondents made Claimant liable for \$25,480.00 in capital gains taxes. Claimant also maintained that Respondents' actions were in violation of section 15(c)(1) of the Exchange Act, as promulgated by the Securities and Exchange Commission. Claimant alleged that Respondents sold it securities by use of a prospectus or oral communications which included an untrue statement of a material fact or which omitted to state a material fact in violation of section 12(2) of the Securities Act. Claimant further alleged that RTF was a controlling person of Leech and therefore both RTF and Leech are jointly and severally liable for the acts and omissions of Leech. Claimant also alleged that RTF failed to supervise Leech as required by the NASD Rules of Fair Practice. Claimant asserted that, under the doctrines of respondeat superior and vicarious liability of employers and principals, RTF is liable for Leech's acts and omissions. Claimant further asserted that Respondents' misrepresentations and omissions were deliberate. Claimant also asserted that, because of the above described acts and omissions, Respondents breached their fiduciary duty to the Gregory Trust.

Leech maintained that there was never a pattern of fraud or deception by the Respondents. Leech further maintained that the capital gains taxes were from an unsolicited sale of American Brands. Leech also maintained that Mrs. Gregory signed a Risk and Disclosure Letter for each trade he recommended to her. Leech contended that Mrs. Gregory never complained to him or to RTF about her account.

RELIEF REQUESTED

Claimant requested an award jointly and severally against the Respondents of at least \$75,109.00 plus interest from at least September 15, 1993; punitive damages; the costs of the arbitration; reasonable attorney fees plus such other and further relief as is deemed proper.

Respondent Leech requested that all claims against him be dismissed in their entirety.

OTHER ISSUES CONSIDERED AND 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.

The arbitrators have made the following ruling concerning Respondent Robert Todd Financial Corp. failed to submit a Submission Agreement and/or did not appear at the evidentiary hearing in this matter:

1. Pursuant to Rule 10101 of the Code of Arbitration Procedure (the "Code"), the panel found subject matter jurisdiction over the entire controversy.
2. The panel found that Robert Todd Financial Corp. was a member of the NASD at the time this controversy arose and consequently found jurisdiction over Robert Todd Financial Corp.
3. In view of the above, the panel found that Robert Todd Financial was required to file with the NASD a properly executed Submission Agreement pursuant to Rule 10314(b) of the NASD Code of Arbitration Procedure.
4. In accordance with Rules 10310, 10315 and 10318 of the Code, the panel found that the NASD provided Robert Todd Financial Corp. with due notice of the hearing conducted in this matter by regular and certified mail. The panel determined to proceed with the hearing without Respondent Robert Todd Financial Corp. whose absence was unexcused.

Panelist, Dave Wolf Jr. recused himself at the beginning of the first hearing session and the parties agreed to continue with Arbitrators Chesley V. Morton, Jr. and Harold Siegel.

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. Respondent Jeffrey Leech and Robert Todd Financial Corporation be jointly and severally liable and shall pay to the Claimant \$30,030.00 in compensatory damages.
2. Respondent Jeffrey Leech and Robert Todd Financial Corporation be jointly and severally and shall pay claimant the sum of \$7,500 in pre-judgement interest.
3. Respondent Jeffrey Leech and Robert Todd Financial Corporation be jointly and severally liable and shall pay to the Claimant \$7,000.00 as reimbursement for attorney's fees pursuant to O.G.C.A. 13-6-11.
4. Claimant's request for punitive damages is hereby denied.

5. All other requests for relief are denied.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, the arbitrators have determined that NASD Regulation, Inc. shall retain the \$200.00 non-refundable filing fee previously deposited by the Claimant and have assessed the following forum fees:


1 Pre-Hearing Session x \$300	= \$300.00
5 Hearing Sessions x \$750.00	= \$3,750.00
 Total Forum fee	 = \$4,050.00

The arbitrators have determined that claimant shall bear one-half the cost of arbitration and respondent leech shall bear one-half the cost of arbitration. Therefore, Claimant Lelia Dabney Gregory Trust be and hereby is liable and shall pay to NASD Regulation Inc. \$2,025.00 representing one-half of the total amount of forum fees assessed. Claimant previously deposited \$750.00 dollars to NASD Regulation, Inc. Therefore, Claimant Lelia Dabney Gregory Trust shall pay to NASD Regulation Inc. the sum of \$1,275.00.

Respondent, Jeffrey Leech, is and is hereby liable and shall pay to NASD Regulation Inc. \$2,025.00 representing one-half of the forum fees assessed.

Fees are payable to NASD Regulation, Inc.

ARBITRATORS' SIGNATURES



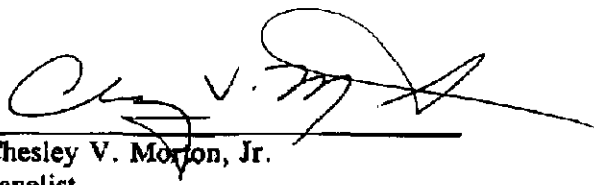
Harold Siegel
Public Chairperson

Date of Decision 6/11/97

Chesley V. Morton, Jr.
Panelist

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Harold Siegel
Public Chairperson



Chesley V. Morton, Jr.
Panelist

Date of Decision 6/11/97