

NASD REGULATION AWARD
NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Olde Discount Corporation

96-02258

Name of Respondent

James May

REPRESENTATION

For Claimant Olde Discount Corporation ("claimant") appeared Robert S. Anderson, Esq., Vice President and Assistant General Counsel of Olde Discount Corporation.

Respondent James May ("respondent") appeared pro se.

CASE INFORMATION

Statement of Claim was filed on: May 24, 1996.

Claimant's Submission Agreement was signed on: May 23, 1996.


Statement of Answer was filed by respondent on: March 1, 1997.

Respondent did not file a Submission Agreement.

HEARING INFORMATION

Hearing Dates/Sessions:	February 4, 1997	-	1 session
	March 20, 1997	-	1 session

The hearing on February 4, 1997 was held at the City Midday Club located at 140 Broadway, New York, New York. The hearing on March 20, 1997 was held at the offices of NASD Regulation, Inc. located at 125 Broad Street, New York, New York.



CASE SUMMARY

Claimant alleged that, on or about April 2, 1995, respondent opened an account and signed an Investors Account Application, Option Account Agreement Financial Questionnaire and Risk Disclosure Statement. In addition, claimant contended that, on or about January 15, 1996, it was forced to sell-out 1000 shares of Micron Technology ("Micron") at \$30 7/8 per share and buy to close 10 long term Micron January 1998 40 calls. Claimant maintained that, in accordance with the terms and conditions of the Account Agreement and because respondent chose not to take any action by the due date of the call, it had the right to make this trade in respondent's account in order to cover the amount of the call. Claimant further maintained that respondent chose to ignore claimant's demand for payment of his outstanding debit account balance in the amount of \$11,427.74.

Respondent alleged that, on or about September 11, 1995, he transferred his account from Bidwell Securities to claimant. Respondent maintained that, at the time he transferred his account, Micron was trading at or around \$70.00 per share and that by the time the transfer was complete it was trading over \$90.00. Further, respondent maintained that on January 18, 1996, two days after his account was closed, his stock was trading at \$30.875. Respondent contended that between September, 1995 and January, 1996, aside from his account statements, he did not receive one margin call or any correspondence regarding his account from claimant. Moreover, respondent maintained that the loss in his account was due to claimant's negligence and claimant's failure to contact him as soon as the problem occurred.

RELIEF REQUESTED

Claimant requested damages in the amount of \$11,427.74 plus interest, costs and attorneys' fees.

Respondent requested that all claims be dismissed in their entirety.

OTHER ISSUES CONSIDERED & DECIDED

The arbitrator made the following rulings concerning respondent who failed to file a properly notarized Submission Agreement in this matter and who did not appear at the hearing on March 20, 1997:

1. Pursuant to Rule 10101 of the Code of Arbitration Procedure (the "Code"), the panel found subject matter jurisdiction over this entire controversy.
2. The arbitrator found that there existed a duly executed and enforceable arbitration agreement between claimant and respondent and, therefore, the arbitrator found personal jurisdiction over respondent pursuant to Rule 10301 of the Code.
3. In accordance with Rules 10310, 10315, and 10318 of the Code, the arbitrator found that the NASD provided respondent with due notice of the hearing conducted in this matter on March 20, 1997. The arbitrator determined to proceed with the hearing without respondent, whose absence was unexcused.

By letter dated October 16, 1996, the arbitrator granted claimant's motion to preclude. During the hearing conducted on February 4, 1997, the arbitrator, upon reconsideration, permitted respondent to submit a Statement of Answer.

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing, the undersigned arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent be and hereby is liable and shall pay claimant the sum of **ELEVEN THOUSAND FOUR HUNDRED TWENTY SEVEN DOLLARS and SEVENTY FOUR CENTS** (\$11,427.74) plus interest in the sum of \$1,204.94.
2. Respondent be and hereby is liable and shall pay claimant for its attorneys' fees in the amount of \$2,875.00.
3. Respondent be and hereby is liable for the total amount of forum fees assessed and shall pay claimant the sum of \$800.00 to reimburse claimant for the fees previously paid to NASD Regulation.
4. Respondent be and hereby is liable and shall pay claimant \$926.99 for costs incurred by claimant.
5. All other requests are hereby denied.

FORUM FEES

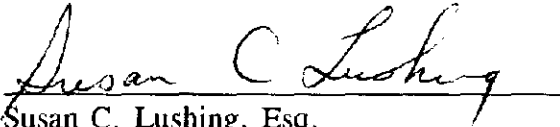
Pursuant to Rule 10205(c) of the Code of Arbitration Procedure, the arbitrator has determined that the NASD shall retain the \$500.00 non-refundable filing fee previously paid by claimant and has assessed the following forum fees:

2 hearing sessions x \$300.00 = \$600.00

Respondent be and hereby is liable for the sum of \$600.00, representing the total amount of outstanding forum fees assessed. Claimant previously deposited \$300.00 with NASD Regulation, and therefore, respondent is liable and shall pay \$300.00 to NASD Regulation, representing the total amount of forum fees outstanding.

Fees are payable to the NASD Regulation, Inc.

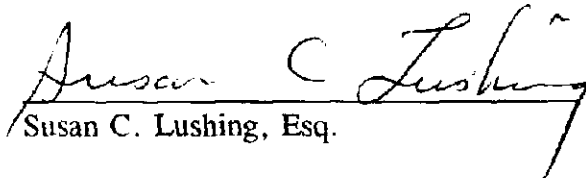
Arbitrator's Signature



Susan C. Lushing, Esq.
Chairperson-Public Arbitrator

Date of Decision: April 10, 1997

I, **Susan C. Lushing, Esq.**, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein, and who executed this instrument which is my award.


Susan C. Lushing, Esq.