

9/11/01

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Wilbur M. Woodruff

96-05387

Names of Respondents

Olde Discount Corporation
Gregory Lalle

REPRESENTATION

The Claimant appeared pro se.

For Respondents: Karen L. Brink, Esq., in-house counsel at Olde Discount Corporation ("Olde");

CASE INFORMATION

Statement of Claim filed: December 4, 1996.

Claimant's Submission Agreement signed on: August 21, 1996.

Joint Statement of Answer filed by Respondents on: March 4, 1997.

Respondent Olde's Submission Agreement signed on: January 9, 1997.

Respondent Gregory Lalle's ("Lalle") Submission Agreement signed on: January 22, 1997.

HEARING INFORMATION

One telephonic pre-hearing conference was conducted on May 19, 1997 with the arbitration panel and two hearing sessions were conducted on October 29, 1997 in Tampa, Florida.

CASE SUMMARY

Claimant alleged that Respondents made misrepresentations to him concerning their sale to him of Federal Home Loan Mortgage Corporation ("Freddie Mac") Collateralized Mortgage Obligation Bonds ("CMOs"). Claimant next alleged these bonds were not suitable for him and Respondents failed to provide him with a prospectus. Claimant further alleged that the actions by Respondents have caused him to endure stress which continues to date.

Respondents maintained that the average term or "life" of Freddie Mac CMOs, purchased in 1995,

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lengthened as a result of interest rate increases and as interest rates increased, the result was fewer prepayments by mortgagees. Respondents maintained, therefore, there was a slowdown in the rate of prepayments of the bond's underlying mortgages and the term of the CMOs increased. Respondents next maintained the bonds themselves are quite conservative and denied all of Claimant's allegations and stated that any paper losses resulted solely from Claimant's own informed investment decisions and operative market forces. Respondents maintained they handled Claimant's account in a diligent and responsible manner and the variability of the CMO's term was explained to Claimant by Mr. Lalle and was reinforced by the delivery to Mr. Woodruff of a booklet from Olde reiterating the basic elements of CMOs.

RELIEF REQUESTED

Claimant requested damages in the sum of \$28,087.62 plus the sum of \$2,247.00 representing interest at the rate of 3% per annum for thirty-two months, treble damages in the sum of \$84,261.00 plus reimbursement of all filing fees in the sum of \$950.00.

Respondents requested a dismissal of all claims against them and that the Claimant be required to reimburse Respondents for all costs and expenses incurred in defending the action. Respondents further requested that all references to this arbitration proceeding be expunged from Respondent Lalle's CRD record.

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 original(s) remain on file with NASD Regulation, Inc. copies of the Award while

AWARD

After considering the pleadings, the testimony and the evidence presented at the hearing and post-hearing submissions (if any), the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

1. All claims by the Claimant against the Respondents be and hereby are dismissed in all respects.
2. The Claimant's request for treble damages is denied.
3. All references to this arbitration proceeding shall be expunged from the CRD record of Respondent Gregory Lalle.
4. Each party shall bear their respective costs including attorneys' fees.

FORUM FEES

Pursuant to Rule 10332 of the Code of Arbitration Procedure, forum fees in the sum of \$1,500.00 (three sessions x \$500.00) are assessed as follows:

Claimant is assessed the sum of \$750.00 less the \$2,350.00 on deposit in full satisfaction thereof.

Respondent Olde is assessed the sum of \$750.00 less the \$1,500.00 on deposit in full satisfaction thereof.

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Concurring Arbitrators' Signatures
Name

Public/Industry

/S/
Andrew J. Bolnick

Public

/S/
Russell E. Puckett

Public

/S/
Andrew G. Fellios

Industry

Date of Decision: November 13, 1997

and. In either case, the parties have agreed to reconvene on November 13, 1997, at the same time and place as the previous hearing. The parties have agreed to reconvene on the same date and time as the previous hearing, but the parties have agreed to reconvene on the same date and time as the previous hearing.

On November 13, 1997, the parties met at the hearing and reached a decision. The parties have agreed to reconvene on the same date and time as the previous hearing, but the parties have agreed to reconvene on the same date and time as the previous hearing.