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NASD REGULATION, INC. AWARD

NASD REGULATION, INC. - OFFICE OF DISPUTE RESOLUTION

In the Matter of the Arbitration Between

Name of Claimant

Chuck B. Sorrell

96-05564

Name of Respondent

Dallas Research & Trading Inc.

REPRESENTATION

Claimant Chuck B. Sorrell ("Claimant") was represented by L. Bruce McDaniel, Esq. of the law firm of McDaniel & Anderson, L.L.P., Raleigh, NC

Respondent Dallas Research and Trading, Inc. ("Respondent") was represented by Michael A. Piazza, Esq. of the law firm of Akin Gump Strauss Hauer & Feld, L.L.P., Dallas, TX

CASE INFORMATION

Statement of Claim filed: December 12, 1996

Claimant's Submission Agreement signed on: December 11, 1996

Statement of Answer filed by Respondent on: February 5, 1997

Respondent's Submission Agreement signed by Sheryl Cox, Chief Operating Officer of Dallas Research and Trading Co. on: February 5, 1997

HEARING INFORMATION

Hearing Dates/Sessions: August 25, 1997 - two sessions
 August 26, 1997 - two sessions

Hearing Location: DoubleTree Hotel, Raleigh, NC

CASE SUMMARY

Claimant alleged that he was persuaded to open an account with Respondent based on misrepresentation by the broker. Claimant alleged that Respondent failed to disclose material information, that Respondent sold Claimant unsuitable securities, that Respondent churned his account, that unauthorized trades were made in Claimant's account, that Respondent failed to supervise its broker, that Respondent violated the federal securities laws, that Respondent violated the state securities laws, that Respondent committed common law fraud, that Respondent breached its fiduciary duty to Claimant, and that Respondent was negligent. Claimant alleged that on June 28, 1996, his account had a net equity balance of \$136,239.35

Claimant alleged that he tried to sell and get out, but the broker refused; instead, the broker continued to buy and sell and otherwise churn Claimant's account.

Respondent denied all allegations of wrongdoing asserted by Claimant. Respondent maintained that all conduct complained of by Claimant was authorized by Claimant. Respondent maintained that the trading was suitable given Claimant's decision to trade aggressively, speculate and use margin. Respondent maintained that Claimant's account was not churned and that Claimant was involved in the activities in his account both in developing strategies and day-to-day decision making. Respondent denied that the transactions were unauthorized or handled in a manner that violated the terms of Claimant's customer relationship with Respondent or its broker. Respondent maintained that Claimant's claim is barred under the doctrines of waiver, estoppel, laches, and ratification.

RELIEF REQUESTED

Claimant maintained that his damages are \$115,486.35 which reflects Claimant's initial money invested of \$136,239.35, minus the \$17,753 to which his account dropped, less the amount of \$3,000 withdrawn by Claimant. Therefore Claimant requested damages in an amount of \$115,486.35, plus punitive damages, costs, expenses, and reasonable attorney's fees as provided by law.

Respondent requested that all relief sought by Claimant is denied.

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 Regulation, Inc. ("NASD Regulation").

The Panel agreed to provide and accept Respondent's response to Claimant's Instructional Guidelines provided that Respondent submit its response on or before September 5, 1997. Respondent's filing was received by NASD Regulation on September 5, 1997 and was accepted by the Panel.

AWARD

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

1. That Claimant's claim for compensatory damages is denied in its entirety.
2. That Claimant's claim for punitive damages is denied in its entirety.
3. That the parties shall bear their own costs and attorneys' fees except as forum fees are specifically addressed below.

OTHER COSTS

That Respondent's postponement fee of \$750 shall be retained.

FORUM FEES

Pursuant to Rule 10322 of the Code of Arbitration Procedure, the following Forum Fees are assessed.

4 sessions x \$750 = \$3,000

Respondent's surcharge of \$350 remains due and owing.

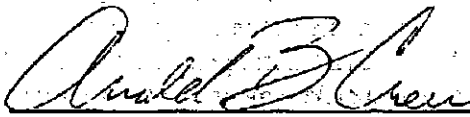
Forum Fees Assessed Against: Claimant and Respondent equally. Claimant is assessed forum fees in the amount of \$1,500; however, Claimant is entitled to offset this amount with his hearing session deposit of \$750 so that the amount due from Claimant is \$750. Respondent is assessed forum fees in the amount of \$1,500, Respondent also owes its member surcharge fee in accordance with Rule 10333 so that the amount due from Respondent is \$1,850.

Fees are payable to NASD Regulation, Inc.

Date Signed

Concurring Arbitrators' Signatures

9/30/97


Arnold B. Crews, Esq. - Chairperson
Public Arbitrator

George Szontagh - Panelist
Public Arbitrator

G. Lewis Nichols - Panelist
Industry Arbitrator

Date Award Served by NASD Regulation:

October 3, 1997

OTHER COSTS

That Respondent's postponement fee of \$750 shall be retained.

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