

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

William W. McCutchen, III, (Claimant) vs. The Madrid Group, Inc., Frank Madrid, David Laurent, and Fleet Clearing Corporation, (Respondents)

Case Number: 99-01295

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, William W. McCutchen, III, hereinafter referred to as "Claimant": Nicholas Stevens, Esq., Starr, Gern, Davison & Rubin, P.C., Roseland, NJ.

Respondent, David Laurent, ("Laurent"), appeared *pro se*.

Respondent, Fleet Clearing Corporation, ("Fleet"): Charles Siegel, Esq., General Counsel, Fleet Clearing Corporation, New York, NY.

Respondents, The Madrid Group, Inc. ("Madrid Group") and Frank Madrid ("F. Madrid"), did not make an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: March 17, 1999.

Claimant signed the Uniform Submission Agreement: April 13, 1998.

Statement of Answer filed by Fleet on or about: September 9, 1999.

Fleet signed the Uniform Submission Agreement: September 9, 1999.

Statement of Answer filed by Laurent on or about: September 9, 1999.

Laurent signed the Uniform Submission Agreement: September 9, 1999.

Madrid Group and F. Madrid did not file Statements of Answer or sign Uniform Submission Agreements.

CASE SUMMARY

Claimant asserted the following causes of action: churning; unauthorized transactions; violations of the Securities Exchange Act of 1934, the Securities Act of 1933, the Investment Advisors Act, the NYSE "know your customer" rule, the NASD Rules of Fair Practice, and the New York Uniform Securities Act; breach of fiduciary duty; breach of duty to supervise accounts; common law negligence; failure to properly supervise; breach of the terms and conditions of Respondents' agreements with Claimant; common law fraud and/or misrepresentation; and common law conversion.

RELIEF REQUESTED

Claimant requested an Award against Respondents:

- (a) jointly and severally, for compensatory and consequential damages caused to Claimant, in the amount of \$29,000.00, as a result of Respondents' acts and omissions;
- (b) directing them to pay punitive damages to Claimant;
- (c) directing them to compensate Claimant for income he would have earned had his investment accounts been managed properly;
- (d) directing them to compensate Claimant for the lost use of his money;
- (e) directing them to compensate Claimant for his emotional distress;
- (f) directing them to pay Claimant for fees and costs incurred in pursuit of this arbitration, together with reasonable attorneys' fees, costs, and disbursements;
- (g) Madrid Group and F. Madrid to pay compensatory and consequential damages Claimant suffered as a direct and proximate result of Madrid Group's failure to supervise its accounts competently; and
- (h) awarding Claimant such other relief as the Panel deems just and equitable.

OTHER ISSUES CONSIDERED AND DECIDED

Upon review of the file and the representations made on behalf of the Claimant, the undersigned arbitrators (the "Panel") determined that Respondents Madrid Group and F. Madrid have been properly served with the Statement of Claim and received due notice of the hearing, and that arbitration of the matter would proceed without said Respondents present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Madrid Group and F. Madrid did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the Code and are bound by the determination of the Panel on all issues submitted.

Prior to the hearing in this matter, Laurent entered into a settlement agreement with Claimant.

Prior to the hearing in this matter, the Panel granted Fleet's Motion to Dismiss.

The Panel granted Claimant's request to testify telephonically.

During the hearing in this matter, Claimant made a Motion for Default Judgement against Madrid Group and F. Madrid which was denied by the Panel.

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.

AWARD

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

1. Madrid Group be and hereby is liable for and shall pay to Claimant the sum of \$15,464.43 as compensatory damages, plus pre-award interest in the amount of \$4,520.00, and post-award interest at the rate of 9% accruing from September 1, 2000 until payment.
2. Claimant's request for punitive damages is hereby denied.
3. All claims against F. Madrid are hereby dismissed in their entirety.

4. Madrid Group be and hereby is liable for and shall pay to Claimant the sum of \$120.00, to reimburse Claimant for the filing fee previously paid to NASD Dispute Resolution, Inc.
5. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution, Inc. will retain or collect the non-refundable filing fees for each claim:

Initial claim filing fee	= \$ 120.00
--------------------------	-------------

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm that employed the associated person at the time of the events giving rise to the dispute. In this matter, Fleet Clearing Corporation is a party.

Pre-hearing process fee	= \$ 600.00
-------------------------	-------------

Forum Fees and Assessments

The Panel assesses forum fees for each hearing session conducted. A hearing session is any meeting between the parties and the arbitrators, including a pre-hearing conference with the arbitrators, that lasts four (4) hours or less. Fees associated with these proceedings are:

One (1) Pre-hearing session with Panel x \$400.00	= \$ 400.00
Pre-hearing conference: April 25, 2000	1 session

Two (2) Hearing sessions x \$400.00	= \$ 800.00
Hearing Date: August 22, 2000	2 sessions

Total Forum Fees	= \$1,200.00
------------------	--------------

The Panel has assessed all of the forum fees against Madrid Group.

Fee Summary

1. Claimant be and hereby is solely liable for:

<u>Initial Filing Fee</u>	= \$ 120.00
<u>Total Fees</u>	= \$ 120.00
<u>Less payments</u>	= \$ 750.00
<u>Refund Due Claimant</u>	= \$ 630.00

As stated in the "Award" section above, Madrid Group is liable and shall reimburse Claimant for the \$120.00 filing fee.

2. Madrid Group be and hereby is solely liable for:

<u>Forum Fees</u>	= \$1,200.00
<u>Total Fees</u>	= \$1,200.00
<u>Less payments</u>	= \$ 0.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$1,200.00

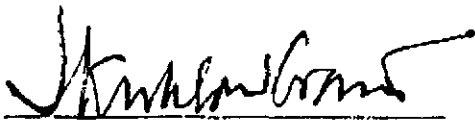
3. Fleet be and hereby is solely liable for:

<u>Member Fees</u>	= \$ 600.00
<u>Total Fees</u>	= \$ 600.00
<u>Less payments</u>	= \$ 600.00
<u>Balance Due NASD Dispute Resolution, Inc.</u>	= \$ 0.00

All balances are due and payable to NASD Dispute Resolution, Inc.

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, 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.



J. Kirkland Grant
Public Arbitrator, Presiding Chair

9-11-00

Signature Date

Mary Jo Marchisello, Esq.
Public Arbitrator

Signature Date

Mary Jo Marchisello, Esq.
Public Arbitrator

Raymond J. Cullen, MBA
Industry Arbitrator

Signature Date

Raymond J. Cullen, MBA

September 28, 2000

Date of Service (For NASD office use only)

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, 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.

J. Kirkland Grant
Public Arbitrator, Presiding Chair

Signature Date

Mary Jo Marchisello
Mary Jo Marchisello, Esq.
Public Arbitrator

9/12/00
Signature Date

Raymond J. Cullen, MBA
Industry Arbitrator

Signature Date

September 28, 2000
Date of Service (For NASD office use only)