

Award
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Bruce R. Emerson

Case No. 99-01585

Name of Respondent

Quick & Reilly, Inc.

REPRESENTATION OF PARTIES

Claimant Bruce R. Emerson ("Emerson"), hereinafter referred to as "Claimant", appeared pro se.

For Respondent Quick & Reilly, Inc. ("Q&R"), hereinafter referred to as "Respondent":
Douglas S. Flaherty, Esq., Vice President and Brian McSherry, Esq., Regional
Representative, Q&R, New York, New York.

CASE INFORMATION

Statement of Claim filed on or about: April 5, 1999.
Claimant signed the Uniform Submission Agreement: March 30, 1999.
Statement of Answer filed by Respondent on or about: June 15, 1999.
Respondent signed the Uniform Submission Agreement: June 14, 1999.

CASE SUMMARY

Claimant alleged the following: On January 12, 1999, Claimant had a stop loss in effect on CMGI, Inc. (CMGI) for the amount of 111 7/8. The stop loss orders were in account #159 97585 for 1000 shares of CMGI and in account 159 27167 for 400 shares of CMGI, accounts which were maintained at Respondent Q&R. On January 12, at 9:56am, a 300 share CMGI trade was reported at 111 1/2. At that time, the referenced stop loss orders should have become market orders. During the next three or four minutes, there were tens of thousands of shares traded at 111 1/2 or better. Claimant's shares were eventually sold four plus minutes later as follows:

700 shares at 93
400 shares at 90
300 shares at 95 1/16.

The stop loss orders should have become market orders and should have been executed much faster and at a much higher price.

Unless specifically admitted in its Answer, Respondent denied the allegations made in the Statement of Claim and alleged the following: Claimant had maintained an account with Respondent since October 1, 1996. On January 12, 1999, Claimant placed unsolicited sell stop orders in two separate accounts for a total of 1,400 shares of CMGI at a limit of 111 7/8. The orders were executed as follows:

Sold 700 CMGI at 93
Sold 300 CMGI at 95 1/16
Sold 400 CMGI at 90.

CMGI experienced a tremendous amount of volume the morning of January 12, in a very short period of time, causing CMGI's price to drop precipitously. The Claimant's stop order was triggered at the limit price of 111 7/8 and immediately became a market order. The order was treated by the market maker, Knight Securities, as any other market order and executed after going ~~in~~ line with all the other market orders received prior to it being triggered. The Claimant questioned the executions and requested Respondent to investigate whether the executions were in fact good. Following the Respondent's investigation, the market maker adjusted the price on the sale of 400 shares executed at 90 to 95 1/16. The prices on the other 1,000 shares were also researched and it was deemed that they were indeed good executions based on the times and sales report and given the extreme volatility of CMGI that morning.

Respondent Q&R further alleged: Respondent is a discount broker and as such acts as agent for its customers. All over-the-counter orders are executed via an over-the-counter dealer/market maker, not by the Respondent. The Respondent did not act as principal for any equity transactions. Respondent had no affiliation with the market maker whatsoever, and as agent did not stand to gain from price spreads on the transactions. Claimant's market orders were entered in a timely manner and were delivered to the market maker immediately upon receipt of the order by the Respondent. The market maker executed the Claimant's market order as all market orders are executed - in the order received. The branch manager of the Investor Center, the Q&R branch servicing the Claimant's account, had reminded the Claimant of the risks involved in placing stop orders on issues such as CMGI prior to the January 12, 1999 orders; however the Claimant chose to ignore the information and placed the orders nonetheless. Respondent, acting as agent, did exactly what it was obligated to do when accepting an order from a customer, and did it properly and expediently.

RELIEF REQUESTED

Claimant requested approximately \$24,000.00 in damages.

Respondent requested that the claims be dismissed in their entirety and an award of its fees, costs and other relief as may be appropriate.

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.

AWARD

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

Claimant's claim is denied in its entirety.

Respondent's request for an award of its costs is denied.

There is no basis for an award of attorneys' fees.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Regulation, Inc. will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$125.00

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 event giving rise to the dispute. In this matter, the member firm is a party.

Member surcharge = \$400.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with a single arbitrator x \$450.00 = \$450.00
Pre-hearing conference: November 23, 1999 1 session

One (1) Hearing session x \$450.00 = \$450.00
Hearing Date: February 15, 1999 1 session

Total Forum Fees = \$900.00

The Arbitrator has assessed \$450.00 of the forum fees to Claimant.

The Arbitrator has assessed \$450.00 of the forum fees to Respondent.

Fee Summary

Claimant Emerson be and hereby is solely liable for:

Initial Filing Fee	= \$125.00
<u>Forum Fees</u>	<u>= \$450.00</u>
Total Fees	= \$575.00
<u>Less payments</u>	<u>= \$575.00</u>
Balance Due NASD Regulation, Inc.	= \$0.00

Respondent Q&R be and hereby is solely liable for:

Member Fees	= \$400.00
<u>Forum Fees</u>	<u>= \$450.00</u>
Total Fees	= \$850.00
<u>Less payments</u>	<u>= \$800.00</u>
Balance Due NASD Regulation, Inc.	= \$50.00

All balances are due and payable to NASD Regulation, Inc.

Arbitrator's Signature

/S/
Franell Fedor, Esq.
Public Arbitrator, Presiding Arbitrator

March 15, 2000
Signature Date

March 16, 2000
Date of Service (For NASD office use only)

Fee Summary

Claimant Emerson be and hereby is solely liable for:

Initial Filing Fee	= \$125.00
<u>Forum Fees</u>	= <u>\$450.00</u>
Total Fees	= \$575.00
<u>Less payments</u>	= <u>\$575.00</u>
Balance Due NASD Regulation, Inc.	= \$0.00

Respondent Q&R be and hereby is solely liable for:

Member Fees	= \$400.00
<u>Forum Fees</u>	= <u>\$450.00</u>
Total Fees	= \$850.00
<u>Less payments</u>	= <u>\$800.00</u>
Balance Due NASD Regulation, Inc.	= \$50.00

All balances are due and payable to NASD Regulation, Inc.

Arbitrator's Signature



Francell Fedor, Esq.
Public Arbitrator, Presiding Arbitrator

3/15/2000

Signature Date

Date of Service (For NASD office use only)