

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

RL Securities, Inc., Claimant v. U.S. Clearing Corporation, Respondent

Case Number: 99-01748

Hearing Site: San Diego, California

REPRESENTATION OF PARTIES

For Claimant RL Securities, Inc.:

Paul W. Thomas, Esq.
Law Offices of Paul W.
Thomas & Associates
San Diego, California

For Respondent U.S. Clearing Corporation:

Stephen Young, Esq.
Keesal, Young & Logan
Long Beach, California

CASE INFORMATION

Statement of Claim filed: March 26, 1999

Claimant's Uniform Submission Agreement signed: April 13, 1999

Statement of Answer filed by Respondent U.S. Clearing Corporation: July 30, 1999

Respondent's Uniform Submission Agreement signed: June 21, 1999

CASE SUMMARY

Claimant RL Securities, Inc. alleged negligence, breach of fiduciary duty, violations of industry standards and practices, failure to supervise, violations of rules of the NASD and NYSE, violations of Regulation T and violations of Federal securities law.

Respondent U.S. Clearing Corporation denied the allegations of wrongdoing set forth in Claimant RL Securities, Inc.'s Statement of Claim.

Respondent U.S. Clearing Corporation filed a Counter-Claim seeking to recover an unsecured debit balance.

Claimant/Counter-Respondent RL Securities, Inc. (hereinafter RL Securities, Inc.) did not file an answer to Respondent/Counter-Claimant U.S. Clearing Corporation's (hereinafter U.S. Clearing Corporation) Counter-Claim.

RELIEF REQUESTED

RL Securities, Inc. requested \$123,968.17 in compensatory damages and sought punitive damages, interest, arbitration costs, and attorney's fees.

U.S. Clearing Corporation requested dismissal of RL Securities, Inc.'s Statement of Claim in its entirety.

U.S. Clearing Corporation requested \$5,198.00 in compensatory damages and also sought interest, arbitration costs, and expenses, including attorney's fees.

OTHER ISSUES CONSIDERED AND DECIDED

The parties 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 and the motion papers and argument on U.S. Clearing Corporation's Motion to Dismiss, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) U.S. Clearing Corporation's Motion to Dismiss is granted. All of RL Securities, Inc.'s claims are denied in their entirety.
- 2) *All of U.S. Clearing Corporation's claims, except for the claim for attorney's fees, are denied in their entirety.*
- 3) RL Securities, Inc. is liable to and shall pay U.S. Clearing Corporation the sum of \$2,900.00 in attorney's fees.
- 4) Except as noted above, each party shall bear its own costs, including attorney's fees.
- 5) All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 1,000.00
U.S. Clearing Corporation's Counter-Claim filing fee	= \$ 500.00

Member Fees

Member fees are assessed to each member firm that is either a party in the matter or an employer of a respondent associated person at the time of the event of the dispute.

The member firm RL Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 2,500.00</u>
Total Member Fees	= \$ 4,600.00

The member firm U.S. Clearing Corporation is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	<u>= \$ 2,500.00</u>
Total Member Fees	= \$ 4,600.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with the Panel @ \$1,125.00/session	= \$ 2,250.00
Pre-hearing conferences: May 30, 2000	1 session
August 31, 2000	1 session
<u>Total Forum Fees</u>	<u>= \$ 2,250.00</u>

1. The Panel assessed \$ 1,125.00 of the forum fees to RL Securities, Inc.
2. The Panel assessed \$ 1,125.00 of the forum fees to U.S. Clearing Corporation.

Fee Summary

1. RL Securities, Inc. is charged with the following fees and costs:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 4,600.00
Forum Fees	= \$ 1,125.00
Total Fees	= \$ 6,725.00
Less payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 5,300.00

3. U.S. Clearing Corporation is charged with the following fees and costs:

Counter-Claim Filing Fee	= \$ 500.00
Member Fees	= \$ 4,600.00
Forum Fees	= \$ 1,125.00
Total Fees	= \$ 6,225.00
Less payments	= \$(2,250.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 3,975.00

All balances are payable to NASD Dispute Resolution, Inc. and are due within 30 days of the Award's date of service.

NASD Dispute Resolution, Inc.
Arbitration No. 99-01748
Award Page 5 of 5

Concurring Arbitrators' Signatures



Irwin S. Sugerman
Chair, Public Arbitrator

SEPT. 7, 2000
Signature Date

Charles B. Shryock
Public Arbitrator

Signature Date

Barry E. Kersh
Non-Public Arbitrator

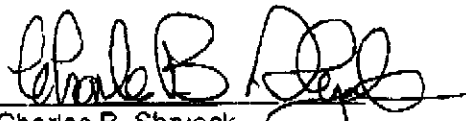
Signature Date

September 12, 2000
Date of Service


Concurring Arbitrators' Signatures

Irwin S. Sugerman
Chair, Public Arbitrator

Signature Date



Charles B. Shryock
Public Arbitrator



Signature Date

Barry E. Kersh
Non-Public Arbitrator

Signature Date

Date of Service

Concurring Arbitrators' Signatures

Irwin S. Sugerman
Chair, Public Arbitrator

Signature Date

Charles B. Shryock
Public Arbitrator

Signature Date

Barry E. Kerch
Barry E. Kerch
Non-Public Arbitrator

Sept 11, 2000
Signature Date

Date of Service