

Award

NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Lester McCormick

Case No. 99-02212

Names of Respondents

James Donovan
Joseph Dillon & Company, Inc.

REPRESENTATION OF PARTIES

Lester McCormick, hereinafter referred to as "Claimant" appeared pro se.

For Joseph Dillon & Company, Inc., hereinafter referred to as "J. Dillon": David B. Gorfinkel, Esq. of Sichenzia, Ross & Friedman, LLP, New York, New York. (Mr. Gorfinkel withdrew as counsel on or about July 18, 2000. Respondent J. Dillon did not appear.

For James Donovan, hereinafter referred to as "Donovan": Michael P. Gilmore, Esq. of Wexler & Burkhart, P.C., Mitchel Field, New York. Mr. Gilmore withdrew as counsel on or about September 28, 2000. Thereafter, Respondent Donovan appeared pro se.

CASE INFORMATION

Statement of Claim filed on or about: May 13, 1999.

Claimant signed the Uniform Submission Agreement on: May 26, 1999.

Statement of Answer With Cross-Claims of J. Dillon filed on or about: August 23, 1999.

Statement of Answer of Donovan filed on or about: October 18, 1999.

J. Dillon and Donovan did not file executed Uniform Submission Agreements (see "Other Issues").

CASE SUMMARY

Claimant alleged the following: Respondents Donovan and J. Dillon are liable for all losses sustained as a result of Donovan's unauthorized trades in Claimant's account. Respondent Donovan sold shares of Trico Marine Services, Inc. ("TMAR") without Claimant's permission. Claimant became aware of the sale of TMAR when he received a confirmation notice from Respondent J. Dillon. Claimant called Respondent Donovan on or about March 21, 1998 to find out why the TMAR stock was sold and Respondent Donovan stated that this was due to a barge wreck at TMAR. Claimant lost over \$10,000.00 in gains when TMAR went up five points. During this telephone call, Respondent Donovan recommended the purchase of Medical Research, Inc. ("MRII"). Claimant thereafter learned that Respondent Donovan had previously purchased MRII on March 19, 1998. Claimant lost \$13,650.00 when margin calls came in for MRII.

Unless specifically admitted in its Answer, Respondent J. Dillon denied the allegations of wrongdoing contained in the Statement of Claim and alleged the following: Claimant is an experienced and sophisticated investor who authorized and directed each transaction. Claimant was advised of and assumed the risk of market fluctuation. Claimant had prior brokerage accounts with Donovan, and raised similar allegations of unauthorized trading, yet he continued to do business with him.

Further, Respondent J. Dillon asserted a cross-claim against Respondent Donovan which alleged the following: If Respondent J. Dillon is found liable to Claimant because of any acts and/or omissions of Donovan, J. Dillon must be indemnified by Donovan for the full award, including attorneys' fees and expenses. Respondent Donovan was a registered representative of J. Dillon during the time specified in the Statement of Claim. Respondent Donovan was employed pursuant to an employment agreement, which required him to maintain fiduciary duties to J. Dillon, and to their customers, which included Claimant.

Unless specifically admitted in his Statement of Answer, Respondent Donovan denied the allegations of wrongdoing contained in the Statement of Claim and alleged the following: All transactions in the account were executed with the prior knowledge and authorization of Claimant and were ratified by him. Claimant was dissatisfied when he authorized the sale of TMAR, and the price subsequently increased. Claimant was also dissatisfied when he authorized the purchase of MRII and the price subsequently decreased. As a result of the foregoing, Claimant tried to extort a settlement from Respondent J. Dillon.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$23,650.00.

Respondent J. Dillon requested that the Statement of Claim be dismissed, that a decision be

entered in its favor on the cross-claim for contribution and indemnity, and for such other and further relief deemed appropriate by the Panel.

Respondent Donovan requested that the Statement of Claim be dismissed.

OTHER ISSUES CONSIDERED AND DECIDED

At the commencement of the evidentiary hearing on October 3, 2000, the parties advised the Arbitrator that Claimant had reached a settlement with Respondent J. Dillon and that J. Dillon had reached a settlement with Donovan with respect to the cross-claim. Therefore, the hearing proceeded with Claimant and Respondent Donovan only.

Respondents J. Dillon and Donovan did not file with NASD Dispute Resolution, Inc. properly executed submissions to arbitration but are required to submit to arbitration pursuant to the NASD-DR Code of Arbitration Procedure (the "Code") and are bound by the determination of the Arbitrator on all issues submitted.

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 Arbitrator has decided in full and final resolution of the issues submitted for determination as follows:

Claimant's Statement of Claim is denied in its entirety.

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	= \$ 125.00
Cross-claim filing fee	= \$ 750.00

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(s) at the time of the events giving rise to the dispute. In this matter, the member firm (J. Dillon) is a party

Member surcharge = \$ 400.00

Adjournment Fees

Adjournments requested during these proceedings:

July 31, 2000, adjournment by Donovan = \$ 450.00

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, 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 sessions with a single arbitrator x \$450.00 = \$ 450.00
Pre-hearing Conference Date: December 15, 1999 1 session

One (1) Hearing sessions x \$450.00 = \$ 450.00
Hearing Date: October 3, 2000 1 session

Total Forum Fees = \$ 900.00

The Arbitrator has assessed the total forum fees of \$900.00 to Claimant.

Fee Summary

Claimant be and hereby is solely liable for:

Initial Claim Filing Fee	= \$ 125.00
Forum Fees	= \$ 900.00
Total Fees	= \$1,025.00
Less payments	= \$ 575.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 450.00

Respondent J. Dillon be and hereby is solely liable for:

Cross-claim Filing Fee	= \$ 750.00
Member Fees	= \$ 400.00
Total Fees	= \$1,150.00
Less payments	= \$ 400.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 750.00

Respondent Donovan be and hereby is solely liable for:

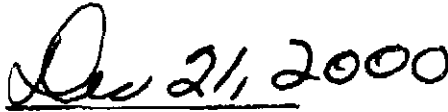
Adjournment Fee	= \$ 450.00
Total Fees	= \$ 450.00
Less payments	= \$ 250.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 200.00

All fees are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

Arbitrator's Signature



Marsha Matson, PhD.
Sole Public Arbitrator



Signature Date

Date of Service (For NASD-DR office use only)

All fees are payable to NASD Dispute Resolution, Inc. and are due immediately upon receipt of the Award by the parties.

Arbitrator's Signature

Marsha Matson, Ph.D.

Marsha Matson, Ph.D.
Sole Public Arbitrator

Dec 21, 2000

Signature Date

December 21, 2000

Date of Service (For NASD-DR office use only)