

AWARD
NASD Regulation, Inc.

In the Matter of the Arbitration Between

Name of Claimant

Dave Sheldon

and

99-02969
Kansas City, Missouri

Name of Respondents

Charles Schwab & Company, Inc.
Olde Discount Corporation
Principal Financial

REPRESENTATION OF PARTIES

Dave Sheldon ("**Claimant**") was represented by Darren K. Kearns, Esq., Overland Park, Kansas.

Charles Schwab & Company, Inc. ("**Respondent Schwab**") was represented by Norman E. Siegel, Esq., Sonnenschein Nath & Rosenthal, Kansas City, Missouri.

Olde Discount Corporation ("**Respondent Olde**") was represented by David T. Doyle, Esq., Olde Discount Corporation, Detroit, Michigan.

Principal Financial ("**Respondent Principal**") was represented by Miriam G. Bahcall, Esq., Ungaretti & Harris, Chicago, Illinois.

CASE INFORMATION

The Statement of Claim was filed on or about June 29, 1999. Amended Statement of Claim was filed on or about . Motion in Opposition to Respondents Motions to Dismiss and Motion for Summary Judgment was filed on or about November 10, 1999. Reply Motion in Opposition to Respondent Principal Financial Securities, Inc. Motion to Dismiss and Motion for Summary Judgment was filed on or about February 2, 2000. Reply Motion in Opposition to Respondent Charles Schwab & Co., Inc.'s Motion to Dismiss and Motion for Summary Judgment was filed on or about January 24, 2000. Submission Agreement of Claimant Dave Sheldon was signed on June 28, 1999.

Respondent Charles Schwab & Company, Inc.'s Motion to Dismiss and Statement of Answer was filed on or about October 11, 1999. Submission Agreement of Respondent Charles Schwab & Company, Inc. was signed on September 24, 1999 by Jane Weston.

Respondent Olde Discount Corporation's Answer and Motion to Dismiss was filed on or about October 11, 1999. Submission Agreement of Respondent Olde Discount Corporation was signed on August 2, 1999 by Thomas P. Fitzgerald.

Respondent Principal Financial Securities' Answer and Motion to Dismiss was filed on or about December 29, 1999.

CASE SUMMARY

Claimant alleged that a number of individuals through Respondents had induced him, through fraudulent means, to purchase shares of TMC Agroworld stock. Claimant stated that Respondents effectively assisted and bolstered the execution of the fraudulent "scam" on multiple investors. It was further alleged that Respondents directly and indirectly violated federal and state securities laws and regulations through an implied and imputed "agency" relationship with other defendants from the Federal Court action. Claimant also alleged that the stock purchased through Respondents was not properly registered.

Respondent Schwab denied the allegations set forth in the Statement of Claim. Respondent Schwab specifically stated that the transactions executed through it were unsolicited and that it should be noted that Claimant purchased and sold shares of TMC Agroworld through it in late April 1997. It was stated that the total losses for the unsolicited transactions through Schwab were \$6,854.29.

Respondent Olde denied all allegations of wrongdoing. It was specifically stated that Respondent Olde fully, professionally, and accurately performed its duties as a broker-dealer of securities. In addition, it was stated that Respondent Olde followed the instructions of Claimant and acted in accordance with all applicable laws and regulations.

Respondent Principal Financial Securities denied the allegations set forth in the Statement of Claim. In addition, Respondent Principal Financial Securities stated that all trades involving TMC Agroworld were not solicited and, therefore, if the securities Claimant purchased are found to have been unregistered, they were clearly exempt from registration under federal and state law because the trades were unsolicited.

RELIEF REQUESTED

Claimant requested an award in the amount of \$75,000, attorneys' fees and costs. In addition, Claimant requested unspecified punitive damages.

Respondent Charles Schwab requested that the Arbitration Panel dismiss the claims in their entirety, award it costs in connection with this matter and award it such other relief as provided by law.

Respondent Olde Discount Corporation requested that all claims be dismissed and that Claimant be assessed the costs and expenses of maintaining this baseless arbitration matter.

Respondent Principal Financial Securities requested that the Statement of Claim be dismissed in its entirety with prejudice and such other relief as the Arbitration Panel deems appropriate.

OTHER ISSUES CONSIDERED & DECIDED

Respondent Principal Financial Securities did not file with the NASD Regulation, Inc. Office of Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code") and having answered the claim is bound by the determination of the arbitration panel 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. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Regulation, Inc. Office of Dispute Resolution (the "NASD").

AWARD

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

1. Respondents Motions to Dismiss shall be and hereby are granted.
2. That to the extent not specifically awarded or otherwise provided for above, all other claims and requests for relief by any party hereto are denied with prejudice.
3. Other than the Forum Fees noted below, the parties shall each bear all other costs and expenses incurred by them in connection with this proceeding, including but not limited to 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 = \$225.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. In this matter, the member firms are Charles Schwab & Company, Inc., and Olde Discount Corporation.

Member surcharge = \$1,000.00
Pre-hearing process fee = \$ 600.00
Hearing process fee = \$1,500.00

Forum Fees and Assessments

The Arbitration Panel 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(s), that lasts four (4) hours or less. Fees associated with these proceedings are:

Number (#) Pre-hearing session(s) with Panel x \$750.00 = \$ 750.00
Pre-hearing conference(s): February 28, 2000 1 session

One (1) Hearing sessions x \$750.00 = \$ 750.00
Hearing Date(s): March 20, 2000 1 session

Total Forum Fees = \$1,500.00

The Arbitration Panel has assessed \$750.00 of the forum fees to Dave Sheldon.
The Arbitration Panel has assessed \$250.00 of the forum fees to Charles Schwab & Company, Inc.
The Arbitration Panel has assessed \$250.00 of the forum fees to Olde Discount Corporation.
The Arbitration Panel has assessed \$250.00 of the forum fees to Principal Financial.

Fee Summary

Claimant, Dave Sheldon, shall be and hereby is liable for:

Initial Filing Fee = \$ 225.00

<u>Forum Fees</u>	= \$ 750.00
Total Fees	= \$ 975.00
<u>Less payments</u>	= \$ 975.00
Balance Due NASD Regulation, Inc.	= \$ 0.00

Respondent, Charles Schwab & Company, Inc., shall be and hereby is liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= \$ 250.00
Total Fees	= \$3,350.00
<u>Less payments</u>	= \$1,600.00
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Olde Discount Corporation, shall be and hereby is liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= \$ 250.00
Total Fees	= \$3,350.00
<u>Less payments</u>	= \$1,600.00
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Principal Financial Securities, shall be and hereby is liable for:

<u>Forum Fees</u>	= \$250.00
Total Fees	= \$250.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$250.00

All balances are due to NASD Regulation, Inc.

/s/ Richard N. Berkshire
Richard N. Berkshire, Esq.
Public Arbitrator, Presiding Chair

Dated: May 3, 2000

/s/ Frank D. Connett, Jr.
Frank D. Connett, Jr., Esq.
Public Arbitrator

May 1, 2000

/s/ Thomas B. Phillips
Thomas B. Phillips, Esq.
Industry Arbitrator

April 27, 2000

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Respondent, Charles Schwab & Company, Inc., shall be and hereby is liable for:

Member Fees	= \$3,100.00
Forum Fees	= \$ 250.00
Total Fees	= \$3,350.00
<u>Less payments</u>	<u>= \$1,600.00</u>
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Olds Discount Corporation, shall be and hereby is liable for:

Member Fees	= \$3,100.00
Forum Fees	= \$ 250.00
Total Fees	= \$3,350.00
<u>Less payments</u>	<u>= \$1,600.00</u>
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Principal Financial Securities, shall be and hereby is liable for:

Forum Fees	= \$250.00
Total Fees	= \$250.00
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Regulation, Inc.	= \$250.00

All balances are due to NASD Regulation, Inc.



Richard N. Berkshire, Esq.
Public Arbitrator, Presiding Chair

Dated:

5-3-00

Frank D. Connatt, Jr., Esq.
Public Arbitrator

Thomas B. Phillips, Esq.
Industry Arbitrator

APR-27-00 09:26 From:

312 236-9237

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NASD Regulation, Inc. Office of Dispute Resolution
Arbitration No. 99-02969
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Respondent, Charles Schwab & Company, Inc., shall be and hereby is liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= \$ 250.00
Total Fees	= \$3,350.00
<u>Less payments</u>	= \$1,600.00
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Olde Discount Corporation, shall be and hereby is liable for:

Member Fees	= \$3,100.00
<u>Forum Fees</u>	= \$ 250.00
Total Fees	= \$3,350.00
<u>Less payments</u>	= \$1,600.00
Balance Due NASD Regulation, Inc.	= \$1,750.00

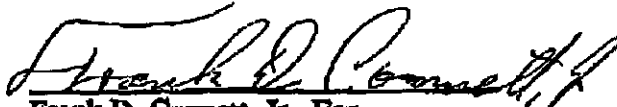
Respondent, Principal Financial Securities, shall be and hereby is liable for:

<u>Forum Fees</u>	= \$250.00
Total Fees	= \$250.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$250.00

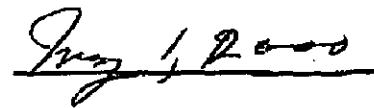
All balances are due to NASD Regulation, Inc.

Dated:

Richard N. Berkshire, Esq.
Public Arbitrator, Presiding Chair



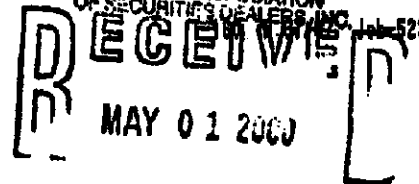
Frank D. Connett, Jr., Esq.
Public Arbitrator



May 1, 2000

Thomas B. Phillips, Esq.
Industry Arbitrator

APR-27-00 09:32 From:



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Respondent, Charles Schwab & Company, Inc., shall be and hereby is liable for:

Member Fees	= \$3,100.00
Forum Fees	= \$ 250.00
Total Fees	= \$3,350.00
Less payments	= \$1,600.00
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Old Discount Corporation, shall be and hereby is liable for:

Member Fees	= \$3,100.00
Forum Fees	= \$ 250.00
Total Fees	= \$3,350.00
Less payments	= \$1,600.00
Balance Due NASD Regulation, Inc.	= \$1,750.00

Respondent, Principal Financial Securities, shall be and hereby is liable for:

Forum Fees	= \$250.00
Total Fees	= \$250.00
Less payments	= \$ 0.00
Balance Due NASD Regulation, Inc.	= \$250.00

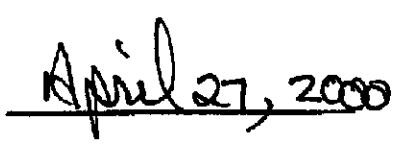
All balances are due to NASD Regulation, Inc.

Dated:

Richard N. Berkshire, Esq.
Public Arbitrator, Presiding Chair

Frank D. Connett, Jr., Esq.
Public Arbitrator


Thomas B. Phillips, Esq.
Industry Arbitrator


April 27, 2000