

N.A.S.D. REGULATION AWARD
NATIONAL ASSOCIATION OF SECURITIES DEALERS REGULATION, INC.

CASE: 99-05060

Richard B. Mancill and Amy E. Pounds, claimants vs. Ameritrade, Inc., respondent.

ATTORNEYS:

Claimants, Richard B. Mancill & Amy E. Pounds, ("Claimants"), appeared Pro Se.,
Clemson, SC.

For Respondent, Ameritrade, Inc. ("Respondent"), James J. Vihstadt, Regulatory Attorney for
Ameritrade, Inc., Bellvue, NE.

DATE FILED: November 8, 1999

CASE SUMMARY: Claimants alleged that Respondent negligence and unauthorized trading in
their account resulted in losses of \$5,000.

Claim Data

Claim: \$5000.00

Other: Unspecified

Award Data

Award: \$.00

Other: \$.00

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of
the issues submitted for determination as follows: 1) The claims of Claimants are dismissed in
their entirety. 2) All other relief requests are denied. 3) The \$175.00 filing fee previously
deposited with the National Association of Securities Dealers Regulation, Inc. by the Claimants,
shall be retained by NASD Regulation, Inc.

OTHER FEES: Pursuant to Rule 10333 of the Code, Respondent has not paid to NASD
Regulation, Inc. the \$200.00 Member Surcharge previously invoiced.

ARBITRATOR REPORT: Individuals who elect to work through a discount brokerage, i.e. firm
that do not solicit orders make recommendations or give advice to its clients, assume a higher
level of responsibility than someone working through a traditional brokerage. Playing the stock
market is not for the faint of heart and playing through a discount brokerage, especially with a
margin account, assumes an even higher level of risk. Such an individual assumes full
responsibility for all investing decisions and a complete understanding of the rules of the game.
Having written that, I am not without sympathy for the claimants, who may have believed they
indeed understood the "rules of the game."

It was telling to note in the Claimant's petition (November 1, 1999) that he understood the difference between his original purchase - a "limit order" at \$10 - vs. his ultimate purchase a "stop order" at \$15. He recognized that the security in question, The Globe.com, might "jump over the amount I specified without being able to make my purchase." So I concluded he accepted the possibility that he might have to pay more for his purchase, albeit not as much as ultimately was the case (\$90 per share).

What he didn't understand, and what I concluded was his responsibility to understand, was that a "stop order" for an IPO - under Ameritrade's definitions - functioned differently than it would for an established security with a price history already in place. That is, that a "stop order" for an IPO would be initiated immediately as a "market order" if it opened above the stop price, that it would have been seen as having "passed through" the stop price. I agree this is an esoteric distinction but a plausible one as explained by Ameritrade, and one it is incumbent on the investor to understand. Ameritrade's subsequent counsel in a newsletter to its investors that they confine their purchases of IPO securities to "limit orders" is to be applauded. While it's unfortunate that it comes too late to help the Claimants, I did not see it as an "admission of guilt." I am sure, in this rapidly changing investment market, other unanticipated events will occur that will require Ameritrade and others like it, to caution/counsel its investors. This volatility is something I concluded is the investor's responsibility in the discount brokerage environment. If there is ever any doubt or concern, a "limit order" is the safe tactic to hedge one's speculation.

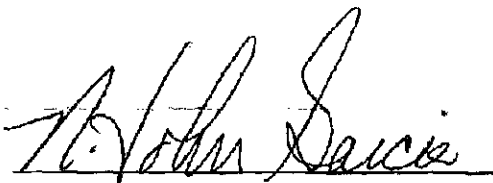
Further, claimant's contention he attempted to cancel the order by telephone several times in advance of the market opening the following day wasn't substantiated sufficiently for me to conclude in his favor. No conclusive evidence was presented to verify these efforts. If he was so concerned about the order being canceled, it was incumbent on him to back up his efforts via the Internet or fax communications, both of which could have provided him with the necessary evidence to render a decision in his favor. His contention that he did not have access to either at the time of his calls requires that we accept this fact absent any evidence to substantiate, which I cannot do.

Thus, I dismiss the claim in its entirety

Page Three
Award 99-05060

AFFIRMATION

I, N. John Garcia, do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.


N. John Garcia

June 7, 2000
Date of award