

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Omar N. Grant, (Claimant) vs. Vanguard Marketing Corp. and Norman E. Gilliam Jr.,
(Respondents)

Case Number: 99-05165

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Omar N. Grant, hereinafter referred to as "Claimant", appeared *pro se*.

Respondent, Vanguard Marketing Corp. ("Vanguard"): Pauline C. Scalvino, Esq., Principal and Associate Counsel, The Vanguard Group, Malvern, PA.

Respondent, Norman E. Gilliam, Jr. ("Gilliam"), did not make an appearance in this matter.

CASE INFORMATION

Statement of Claim filed on or about: November 17, 1999.

Claimant signed the Uniform Submission Agreement: November 16, 1999.

Statement of Answer, Motion to Dismiss, and Motion for a More Definite Statement of Claim filed by Vanguard on or about: February 24, 2000.

Vanguard signed the Uniform Submission Agreement: February 18, 2000.

Gilliam did not file a Statement of Answer or sign a Uniform Submission Agreement.

CASE SUMMARY

Claimant asserted the following causes of action: violations of NASD Conduct Rules 2110, 3010, and 2330; failure to uphold standards of commercial honor and just principles of trade; failure to supervise; forgery; non-disclosure and misstatement of material facts; manipulations; violations of the NASD Rules of Fair Practice; misrepresentations; and unauthorized removal of funds from Claimant's account. Claimant's claim involved the Vanguard High Yield Corporate Bond Fund and other unspecified financial products.

Unless specifically admitted in its Answer, Vanguard denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant and Gilliam are cousins, and any conversations between them occurred because of their personal relationship; Vanguard cannot be responsible if incorrect information or advice was provided to Claimant by his cousin; Claimant was aware of the transactions in his account as they occurred, and failed to act or object to them; Claimant's unsuitability claims are without merit because he received prospectuses and annual reports for each fund in which he invested, and never objected until the filing of this arbitration; and most of the transactions in question occurred after Gilliam left Vanguard's employ, therefore Vanguard cannot be held responsible for those transactions as it no longer had any supervisory responsibility over Gilliam.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$500,000.00, punitive damages in the amount of \$1,500,000.00, and injunctive relief requiring Respondents to refrain from the actions and activities referenced in the Statement of Claim.

Vanguard requested:

1. Dismissal of all claims against Vanguard or, alternatively, of the punitive damages claim;
2. Amendment of the Statement of Claim to set forth with more specificity Claimant's allegations against Vanguard; and
3. Entry of judgement in Vanguard's favor.

OTHER ISSUES CONSIDERED AND DECIDED

Claimant did not appear at the hearing which was scheduled for April 18, 2001, although the undersigned arbitrators (the "Panel") determined that Claimant received due notice of said hearing. Vanguard made a motion to dismiss due to Claimant's failure to appear. After due consideration, the Panel decided to grant said motion thereby dismissing this claim with prejudice against Vanguard and without prejudice against Gilliam.

Gilliam did not file with NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and is bound by the determination of the 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.

AWARD

After considering the pleadings, and Claimant's failure to appear at the scheduled hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Claimant's claims against Vanguard are hereby dismissed in their entirety, with prejudice.
2. Claimant's claims against Gilliam are hereby dismissed in their entirety, without prejudice.
3. All other requests for relief are hereby denied.

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	= \$ 500.00
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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 events giving rise to the dispute. In this matter, Vanguard Marketing Corp. is a party.

Member surcharge	= \$2,500.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$4,500.00

Forum Fees and Assessments

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

One (1) Pre-hearing session with Panel x \$1,200.00	= \$1,200.00
Pre-hearing conference: December 4, 2000	1 session

Two (2) Hearing sessions x \$1,200.00	= \$2,400.00
Hearing Dates: March 13, 2001	1 session
April 18, 2001	1 session
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Total Forum Fees	= \$3,600.00

The Panel has assessed all of the forum fees against Claimant.

Fee Summary

1. Claimant be and hereby is solely liable for:

Initial Filing Fee	= \$ 500.00
<u>Forum Fees</u>	= <u>\$3,600.00</u>
Total Fees	= \$4,100.00
<u>Less payments</u>	= <u>\$3,200.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 900.00

2. Vanguard be and hereby is solely liable for:

<u>Member Fees</u>	= <u>\$7,600.00</u>
Total Fees	= \$7,600.00
<u>Less payments</u>	= <u>\$7,600.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ - 0.00

All balances are due and payable to NASD Dispute Resolution, Inc.

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ARBITRATION PANEL

Lawrence A. Pittore, Esq.	-	Public Arbitrator, Presiding Chair
Philip C. Loomis, CFA	-	Public Arbitrator
Dean E. Kois	-	Industry Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.



Lawrence A. Pittore, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Philip C. Loomis, CFA
Public Arbitrator

Signature Date

Dean E. Kois
Industry Arbitrator

Signature Date

August 22, 2001
Date of Service (For NASD office use only)

ARBITRATION PANEL

Lawrence A. Pittore, Esq.	-	Public Arbitrator, Presiding Chair
Philip C. Loomis, CFA	-	Public Arbitrator
Dean E. Kois	-	Industry Arbitrator

Concurring Arbitrators' Signatures

I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Lawrence A. Pittore, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Philip C. Loomis, CFA
Public Arbitrator

Signature Date

Dean E. Kois
Industry Arbitrator

Signature Date

August 22, 2001

Date of Service (For NASD office use only)