

Award
FINRA Dispute Resolution

In the Matter of the Arbitration Between:

, Claimant v. Southwest Securities, Inc., Respondent

Case Number: 07-01145

Hearing Site: San Francisco, California

Nature of the Dispute: Associated Person v. Member

REPRESENTATION OF PARTIES

For Claimant:

Cary S. Lapidus, Esq.
Law Offices of Cary S. Lapidus
San Francisco, California

For Respondent:

Will S. Montgomery, Esq.
Hunton & Williams
Dallas, Texas

CASE INFORMATION

Statement of Claim filed: April 9, 2007

Claimant's Uniform Submission Agreement signed: April 5, 2007

Statement of Answer filed by Respondent: June 12, 2007

Respondent's Uniform Submission Agreement signed: May 30, 2007

CASE SUMMARY

Claimant alleged that Respondent filed false and inaccurate information on Claimant's Form U-5. Claimant's claims involved Claimant's former employment with Respondent.

Respondent denied the allegations of wrongdoing set forth in Claimant's Statement of Claim and asserted various affirmative defenses.

RELIEF REQUESTED

Claimant requested expungement or modification of his Form U-5 and costs.

Respondent requested dismissal of Claimant's Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

On November 30, 2007, Respondent filed a Motion for Summary Judgment. On January 30, 2008, Claimant filed an opposition to the motion. On February 4, 2008, Respondent requested that the Panel hear and decide the motion at the evidentiary hearing. At the evidentiary hearing, Respondent withdrew the Motion for Summary Judgment.

On February 21, 2008, Respondent filed a Motion to Dismiss. On February 26, 2008, Claimant filed an opposition, and on February 28, 2008, Respondent filed a reply in support of the motion. The Panel heard oral argument on the motion at the evidentiary hearing. After due deliberation, the Panel denied Respondent's Motion to Dismiss.

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, testimony, and evidence presented at the hearing, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimant did not breach or violate any applicable statute, law, regulation, rule, ethical standard, or business or company policy. The allegations made by Respondent in Claimant's Form U-5 were false.
- 2) The Panel recommends expungement of the Reason for Termination and Explanation in Section 3 of Claimant's Form U-5. The Reason for Termination should be changed to "Other," and the Explanation should be changed to "Disagreement as to a policy on trading." The Panel also recommends expungement of the Internal Review DRP on Claimant's Form U-5. Internal Review Disclosure Question 7B on Claimant's Form U-5 should be changed to "No." Claimant must obtain confirmation from a court of competent jurisdiction before the CRD will execute the expungement directive.

- 3) The parties shall bear their respective costs, including attorney's fees.
- 4) All other relief requested and not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

FINRA Dispute Resolution received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee	= \$ 250.00
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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 events that gave rise to the dispute, claim, or controversy. Accordingly, the member firm Southwest Securities, Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 750.00
<u>Hearing Process Fee</u>	<u>= \$ 2,200.00</u>
Total Member Fees	= \$ 4,450.00

Forum Fees and Assessments

The Panel assessed forum fees for each session conducted or each decision rendered on a discovery-related motion on the papers. A session is any meeting between the parties and the arbitrator(s), including a pre-hearing conference with the arbitrator(s), that lasts four hours or less. Fees associated with these proceedings are:

1 Pre-hearing conference session with one arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: January 29, 2008	1 session
1 Pre-hearing conference session with the Panel @ \$1,000.00/session	= \$ 1,000.00
Pre-hearing conference: September 21, 2007	1 session
4 Hearing sessions @ \$1,000.00/session	= \$ 4,000.00
Hearings: March 4, 2008	2 sessions
March 5, 2008	2 sessions
Total Forum Fees	= \$ 5,450.00

ARBITRATION PANEL

Harry Endsley	-	Public Arbitrator, Presiding Chair
Susan Alexander	-	Public Arbitrator
James Riewerts	-	Non-Public Arbitrator

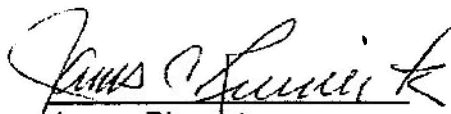
Concurring Arbitrators' Signatures

Harry Endsley
Chair, Public Arbitrator

Signature Date

Susan Alexander
Public Arbitrator

Signature Date


James Riewerts
Non-Public Arbitrator

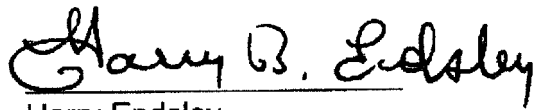

3/9/08
Signature Date


March 10, 2008
Date of Service

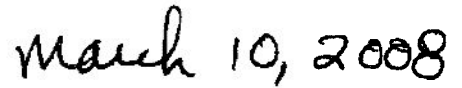
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Chair, Public Arbitrator



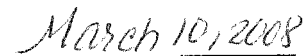
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Public Arbitrator

Signature Date

James Riewerts
Non-Public Arbitrator

Signature Date



Date of Service

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Concurring Arbitrators' Signatures

Harry Endsley
Chair, Public Arbitrator

Signature Date

Susan Alexander

Susan Alexander
Public Arbitrator

3/10/08

Signature Date

James Riewerts
Non-Public Arbitrator

Signature Date

3/12/08

Date of Service