

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Stanley Jerry Hoffman, et al v. Charles Schwab & Co., Inc. and Lincoln M. Gima

Case Number: 00-00461

Hearing Site: Los Angeles, California

REPRESENTATION OF PARTIES

For Claimants:

Stanley Jerry Hoffman

Richard D. Farkas, Esq.
Law of Office of
Richard D. Farkas
Sherman Oaks, California

Brave New World Defined Benefit PP & Trust

Richard D. Farkas, Esq.
Law of Office of
Richard D. Farkas
Sherman Oaks, California

For Respondents:

Charles Schwab & Company, Inc.

Lowell H. Haky, Esq.
Charles Schwab & Company,
Inc.
San Francisco, California

Lincoln M. Gima

In Propria Persona
Phoenix, Arizona

CASE INFORMATION

Statement of Claim filed: February 2, 2000.

Claimants' Uniform Submission Agreement signed: January 7, 2000.

Statement of Answer filed by Respondent Charles Schwab & Company, Inc.: August 11, 2000.

Respondent Charles Schwab & Company, Inc.'s Uniform Submission Agreement signed:
August 11, 2000.

CASE SUMMARY

Claimants alleged breach of contract, margin calls, breach of fiduciary duty, misrepresentation, unauthorized trading, omission, suitability, and negligence in the sale of shares of Intel Corporation.

Respondent Charles Schwab & Company, Inc. denied the allegations of wrongdoing set forth in the Claimants' Statement of Claim.

RELIEF REQUESTED

Claimants requested \$150,000.00 in compensatory damages, \$250,000.00 in punitive damages and costs, including attorney's fees.

Respondent Charles Schwab & Company, Inc. requested dismissal of the Claimants' Statement of Claim in its entirety.

OTHER ISSUES CONSIDERED AND DECIDED

Respondent Lincoln M. Gima did not file with NASD Dispute Resolution a properly executed submission agreement, but is required to submit to arbitration pursuant to the Code of Arbitration Procedure ("Code").

On July 21, 2000, Claimants dismissed Lincoln M. Gima from the arbitration without prejudice.

On March 8, 2001, the Panel ordered Claimants to produce documents and information responsive to Respondent Charles Schwab & Company, Inc.'s August 16, 2000 discovery request on or before close of business on March 21, 2001. The Panel also ordered Claimants to pay Respondent Charles Schwab & Company, Inc. monetary sanctions in the total amount of \$2,400.00. If Claimants failed to comply, the Panel reserved the option to dismiss the arbitration at their discretion and without further motion or application by the parties.

On October 2, 2002, the Panel ordered Claimants to comply with the Panel's March 8, 2001 Order. The Panel gave Claimants 20 days from October 2, 2002 to comply with the Order. In its Order, the Panel instructed that if Claimants failed to comply the arbitration would be dismissed with prejudice and the Panel would recommend the expungement of all reference to the arbitration from Respondent Lincoln M. Gima's registration records.

After finding that Claimants did not comply with the Panel's Orders of March 8, 2001 and October 2, 2002, the Panel ordered the matter dismissed with prejudice on January 13, 2003. At the Panel's instruction, the January 13, 2003 Order was issued to the parties on January 17, 2003.

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, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Claimants' claims are dismissed in their entirety with prejudice.
- 2) The Panel recommends the expungement of all reference to the above-captioned arbitration from Respondent Lincoln M. Gima registration records maintained by the NASD Central Registration Depository ("CRD"), with the understanding that pursuant to NASD Notice to Members 99-09, Respondent Lincoln M. Gima 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

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

Initial claim filing fee	= \$ 300.00
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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 Charles Schwab & Co., Inc. is a party and the following fees are assessed:

Member Surcharge	= \$ 1,500.00
Pre-Hearing Process Fee	= \$ 600.00
<u>Hearing Process Fee</u>	= \$ 2,500.00
Total Member Fees	= \$ 4,600.00

Forum Fees and Assessments

The Panel has assessed forum fees for each session conducted. A session is any meeting between the parties and the Panel or Chairperson, including a pre-hearing conference, that lasts four (4) hours or less. The following fees are assessed:

(1) Pre-hearing conference session with a single arbitrator @ \$450.00/session	= \$ 450.00
Pre-hearing conference: February 23, 2001 1 session	

(1) Pre-hearing conference session(s) with the Panel @ \$1,125.00/session	= \$ 1,125.00
Pre-hearing conference: September 22, 2000 1 session	

Total Forum Fees	= \$ 1,575.00
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1. The Panel assessed \$1,125.00 of the forum fees joint and severally to Claimants.
2. NASD Dispute Resolution's Western Regional Director waived \$450.00 of the forum fees.

Fee Summary

1. Claimants Stanley Jerry Hoffman and Brave New World Defined Benefit PP & Trust are charged jointly and severally with the following fees and costs:

Initial Filing Fee	= \$ 300.00
Forum Fees	= \$ 1,125.00
Total Fees	= \$ 1,425.00
Less payments	= \$(1,425.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

2. Respondent Charles Schwab & Co., Inc. is charged with the following fees and costs:

Member Fees	= \$ 4,600.00
Less payments	= \$(4,600.00)
Balance Due NASD Dispute Resolution	= \$ 0.00

All balances are payable to NASD Dispute Resolution and are due upon the receipt of the Award pursuant to Rule 10330(g) of the Code.

ARBITRATION PANEL

Susan G. Weinstein, Esq.	-	Public Arbitrator, Presiding Chair
David L. Maislen	-	Public Arbitrator
Michael W. Burnett, PhD	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures


Susan G. Weinstein, Esq.
Chair, Public Arbitrator

2/2/03
Signature Date

David L. Maislen
Public Arbitrator

Signature Date

Michael W. Burnett, PhD
Non-Public Arbitrator

Signature Date

2/5/03
Date of Service
(NASD Use Only)

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02/03/2003
Signature Date

2/5/03
Date of Service
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