

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Ayoob Khodadadi, (Claimant) vs. Coleman & Company Securities, Inc. and Sherwin M. Zanjani, (Respondents)

Case Number: 00-03687

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimant, Ayoob Khodadadi, hereinafter referred to as "Claimant": Alice K. Jump, Esq., Attorney at Law, New York, NY.

Respondent, Coleman & Company Securities, Inc. ("Coleman"), did not appear at the hearings in this matter. Previously represented by: Michael H. Ference, Esq., Sichenzia, Ross & Friedman LLP, New York, NY.

Respondent, Sherwin M. Zanjani ("Zanjani"): Adam Silverstein, Esq., Adam Silverstein, P.C., New York, NY.

CASE INFORMATION

Statement of Claim filed on or about: August 23, 2000.

Response to Coleman's Motion to Dismiss filed by Claimant on or about: January 3, 2001.

Claimant signed the Uniform Submission Agreement: August 14, 2000.

Statement of Answer and Motion to Dismiss filed by Coleman on or about: October 31, 2000.

Reply in Support of Motion to Dismiss filed by Coleman on or about: January 15, 2001.

Coleman did not sign a Uniform Submission Agreement.

Statement of Answer filed by Zanjani on or about: November 20, 2000.

Zanjani signed the Uniform Submission Agreement: November 28, 2000.

CASE SUMMARY

Claimant asserted the following causes of action: unauthorized trading; churning; unsuitability; respondeat superior; violations of federal securities laws; and violations of NASD and NYSE rules. Claimant's claim involved the stocks of Siebel Systems, Pharmos, Purchasepro.com, and Web Technologies Inc.

Unless specifically admitted in his Answer, Zanjarian denied the allegations made in the Statement of Claim and asserted the following defenses: Claimant has failed to state a claim upon which relief may be granted; Claimant is barred by the doctrines of ratification and estoppel, as Claimant had full knowledge of the transactions alleged to have been made or influenced by Zanjarian and confirmed all such trades by telephone on the day executed and afterward; any losses sustained by Claimant were attributable to the acts or omissions of individuals other than Zanjarian; Claimant failed to object to account activity in a timely manner and therefore waived any reasonable objection thereto; Claimant's claims are barred by the doctrine of laches; at all relevant times Zanjarian acted in good faith and exercised the degree of care that a reasonable, prudent person would have exercised; Claimant is a knowledgeable investor and is entirely responsible for all trading losses; and in executing the customer and margin agreements, Claimant specifically assumed the risk of loss.

RELIEF REQUESTED

Claimant requested compensatory damages in the amount of \$402,000.00, plus punitive damages in the amount of \$500,000.00, costs, interest, and attorneys' fees.

Zanjarian requested that the Panel enter an Award:

- a. Dismissing the Statement of Claim in its entirety;
- b. Denying all relief demanded by Claimants;
- c. Awarding attorneys' fees and costs against Claimant; and
- d. For such other and further relief as to the Panel may seem equitable and just.

OTHER ISSUES CONSIDERED AND DECIDED

Prior to the hearing in this matter, Claimant entered into a settlement agreement with Respondent Coleman.

Coleman did not file with NASD Dispute Resolution a properly executed submission to arbitration but is required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure and, having answered the claim, 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, the testimony and evidence presented at the hearing, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Zanjani be and hereby is solely liable for and shall pay to Claimant the sum of \$57,600.00 as compensatory damages, plus interest in the amount of \$4,320.00.
2. Claimant's request for punitive damages is hereby denied.
3. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain or collect the non-refundable filing fees for each claim:
Initial claim filing fee = \$ 375.00

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, Coleman & Company Securities, Inc. is a party.

Member surcharge	= \$2,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$3,500.00

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:

Two (2) Pre-hearing sessions with a single arbitrator x \$450.00	= \$ 900.00
Pre-hearing conferences: October 3, 2001	1 session
November 16, 2001	1 session

Four (4) Hearing sessions x \$1,200.00	= \$4,800.00
Hearing Dates: June 13, 2002	2 sessions
June 14, 2002	2 sessions
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Total Forum Fees	= \$5,700.00

1. The Panel has assessed \$2,850.00 of the forum fees against Claimant.
2. The Panel has assessed \$2,850.00 of the forum fees against Zanjani.

Fee Summary

1. Claimant be and hereby is solely liable for:	
Initial Filing Fee	= \$ 375.00
Forum Fees	= \$2,850.00
Total Fees	= \$3,225.00
Less payments	= \$1,575.00
Balance Due NASD Dispute Resolution	= \$1,650.00
2. Coleman be and hereby is solely liable for:	
Member Fees	= \$6,100.00
Total Fees	= \$6,100.00
Less payments	= \$6,100.00
Balance Due NASD Dispute Resolution	= \$ 0.00
3. Zanjani be and hereby is solely liable for:	
Forum Fees	= \$2,850.00
Total Fees	= \$2,850.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$2,850.00

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

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ARBITRATION PANEL

Eugene G.P. Byrne, Esq.	-	Public Arbitrator, Presiding Chair
Alexander Forti	-	Public Arbitrator
Thomas M. Amadio	-	Non-Public 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.

Eugene G.P. Byrne, Esq.
Public Arbitrator, Presiding Chair

Signature Date



Alexander Forti
Public Arbitrator

Signature Date

Thomas M. Amadio
Non-Public Arbitrator

Signature Date

July 24, 2002
Date of Service (For NASD Dispute Resolution use only)


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