

**Award**  
**NASD Dispute Resolution**

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In the Matter of the Arbitration Between:

Vinod K. Patwa and Sneh Patwa (Claimants) v. Friedman, Billings, Ramsey & Co.,  
Emanuel J. Friedman, and Laksimi N. Sampath (Respondents)

Case Number: 00-03979

Hearing Site: Cincinnati, Ohio

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Nature of the Dispute: Customers v. Member and Associated Persons.

**REPRESENTATION OF PARTIES**

Claimants Vinod K. Patwa ("V. Patwa") and Sneh Patwa ("S. Patwa") hereinafter collectively referred to as "Claimants": Stephen D. Williger, Esq., Thompson Hine, LLP, formerly of Benesch, Friedlander, Coplan & Aronoff, LLP, Cleveland, OH. Previously represented by: Mark Phillips, Esq., Benesch, Friedlander, Coplan & Aronoff, LLP, Cleveland, OH.

Respondents Friedman, Billings, Ramsey & Co., ("Friedman Billings"), Emanuel J. Friedman ("E. Friedman"), and Laksimi N. Sampath ("L. Sampath") hereinafter collectively referred to as "Respondents": Catherine Botticelli, Esq., Dechert Price & Rhoads, Washington, D.C.

**CASE INFORMATION**

Statement of Claim filed on or about: September 11, 2000.

Amended Statement of Claim filed on or about: April 18, 2002.

Claimants signed the Uniform Submission Agreement: August 13, 2000.

Joint Statement of Answer filed by Respondents on or about: December 5, 2000.

Supplement to Answer of Respondents filed on or about: May 20, 2002.

Respondent Friedman Billings signed the Uniform Submission Agreement: October 17, 2000.

Respondent E. Friedman signed the Uniform Submission Agreement: October 17, 2000.

Respondent L. Sampath signed the Uniform Submission Agreement: December 4, 2000.

**CASE SUMMARY**

In the Statement of Claim and Amended Statement of Claim, Claimants asserted the following causes of action: mismanagement of account; failure to supervise; violation of common law; violation of federal securities laws; violation of Ohio Blue Sky laws; violations of NASD rules; breach of contract; breach of fiduciary duty; breach of trust;

misrepresentation; and negligence. Claimants' claims involved unspecified common stock and real estate investment trusts.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted various affirmative defenses. Unless specifically admitted in their Supplement to Answer, Respondents denied the allegations made in the Amended Statement of Claim.

### **RELIEF REQUESTED**

In the Statement of Claim, Claimants requested compensatory damages in the amount of \$1,200,000.00, plus interest from October of 1998, computed at the highest available rate of interest; punitive damages in the amount of \$3,600,000.00; and fees, costs, and expenses, including attorneys' fees.

In the Amended Statement of Claim, Claimants requested compensatory damages in the amount of \$2,056,523.00, plus interest from October 1998 at the rate of 10% per annum; punitive damages in the amount of \$3,000,000.00; and fees, costs, and expenses, including attorneys' fees.

In the Statement of Answer, Respondents requested that the Statement of Claim be denied in its entirety; costs and fees, including but not limited to attorneys' fees; and that all references to this arbitration be expunged from the registration records maintained by the NASD Central Registration Depository for Respondents E. Friedman and L. Sampath.

In the Supplement to Answer, Respondents requested that the Amended Statement of Claim be denied in its entirety; costs and fees, including but not limited to attorneys' fees; and that all references to this arbitration be expunged from the registration records maintained by the NASD Central Registration Depository for Respondents E. Friedman and L. Sampath.

### **OTHER ISSUES CONSIDERED AND DECIDED**

Emanuel J. Friedman did not appear at the hearings in this matter. However, his company was a Respondent and E. Friedman was represented by counsel throughout the hearing.

On Thursday August 19, 2004, at the conclusion of Claimants' proof, the Respondents moved to dismiss Claimants' claims. The Panel denied the Motion.

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, and the post-hearing submissions, the Panel has decided in full and final resolution of the issues submitted for determination as follows:

1. Respondent Friedman Billings is liable and shall pay to Claimants compensatory damages in the amount of \$367,169.59 plus simple interest at the rate of 7% from December 1, 1998 until the award is paid.
2. Any and all relief not specifically addressed herein, including punitive damages, is 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	= \$ 600.00
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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. Accordingly, Friedman, Billings, Ramsey & Co., Inc. is a party.

Member surcharge	= \$3,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$5,000.00

#### **Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed:

January 7-9 and 14-15, 2002, adjournment by Claimants	= Waived
January 7-9 and 14-15, 2002, adjournment by Respondents	= Waived
October 2-4, 2002, adjournment by Claimants	= \$1,200.00
June 3-5, 2003, adjournment by Claimants	= \$1,500.00
April 21-23, 26, 2004, adjournment by Claimants	= \$1,500.00

#### **Forum Fees and Assessments**

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

Four (4) Pre-hearing sessions with Panel @ \$1,200.00 = \$ 4,800.00

Pre-hearing conferences: May 3, 2001 1 session  
March 27, 2002 1 session  
August 29, 2002 1 session  
April 21, 2004 1 session

Eleven (11) Hearing sessions @ \$1,200.00 = \$13,200.00

Hearing Dates: December 9, 2003 2 sessions  
December 10, 2003 2 sessions  
August 17, 2004 2 sessions  
August 18, 2004 2 sessions  
August 19, 2004 1 sessions  
October 25, 2004 2 sessions

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Total Forum Fees = \$18,000.00

1. The Panel has assessed \$9,000.00 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$9,000.00 of the forum fees against Friedman Billings.

**Fee Summary**

1. Claimants are jointly and severally liable for:

Initial Filing Fee	= \$ 600.00
Adjournment Fee	= \$ 4,200.00
<u>Forum Fees</u>	<u>= \$ 9,000.00</u>
Total Fees	= \$13,800.00
<u>Less payments</u>	<u>= \$ 1,800.00</u>
Balance Due NASD Dispute Resolution	= \$12,000.00

2. Respondent Friedman Billings is solely liable for:

Member Fees	= \$ 8,600.00
<u>Forum Fees</u>	<u>= \$ 9,000.00</u>
Total Fees	= \$17,600.00
<u>Less payments</u>	<u>= \$ 8,600.00</u>
Balance Due NASD Dispute Resolution	= \$ 9,000.00

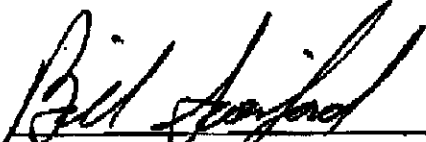
All balances are payable to NASD Dispute Resolution and are due upon receipt pursuant to Rule 10330(g) of the Code.
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**ARBITRATION PANEL**

Bill Swinford, Jr., Esq.	-	Public Arbitrator, Presiding Chairperson
Michael C. Walker, Ph.D	-	Public Arbitrator
Sandra J. Bakalus	-	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 is which is my award.



Bill Swinford, Jr., Esq.  
Public Arbitrator, Presiding Chairperson

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Signature Date

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Michael C. Walker, Ph.D  
Public Arbitrator

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Signature Date

\_\_\_\_\_  
Sandra J. Bakalus  
Non-Public Arbitrator

\_\_\_\_\_  
Signature Date

December 17, 2004  
\_\_\_\_\_  
Date of Service (For NASD Dispute Resolution use only)

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Public Arbitrator, Presiding Chairperson

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Signature Date

Michael C. Walker  
Michael C. Walker, Ph.D  
Public Arbitrator

12/17/04  
Signature Date

\_\_\_\_\_  
Sandra J. Bakalus  
Non-Public Arbitrator

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Signature Date

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