

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between: Charles Schwab & Co., Inc., Claimant/
Counterrespondent v. Anis B. Karam, Respondent/Counterclaimant

Case Number: 00-04301

Hearing Site: Seattle, Washington

REPRESENTATION OF PARTIES

For Claimant/Counterrespondent:

Mauricio S. Beugelmans and
Richard A. Karoly
Charles Schwab & Co., Inc.
San Francisco, California

For Respondent/Counterclaimant:

Mark S. Davidson
Williams, Kastner & Gibbs
Seattle, Washington

CASE INFORMATION

Statement of Claim filed: September 27, 2000

Claimant's Uniform Submission Agreement signed on or about: October 2000

Statement of Answer and Counterclaim filed by Respondent: November 10, 2000

Respondent's Uniform Submission Agreement signed: October 19, 2000

Answer to Counterclaim filed by Claimant: December 13, 2000

CASE SUMMARY

Claimant/Counterrespondent, Charles Schwab & Co., Inc., hereinafter referred to as "Schwab," alleged in their Statement of Claim: breach of contract; margin call; and debit balance. In their Answer to the Counterclaim, Schwab denied all allegations of wrongdoing set forth in the Respondent's Counterclaim.

Respondent/Counterclaimant, Anis B. Karam, hereinafter referred to as "Karam," denied the allegations of wrongdoing set forth in Schwab's Statement of Claim. In his Counterclaim, Karam alleged: breach of contract; negligence; failure to execute an order; and breach of fiduciary duty.

RELIEF REQUESTED

In the Statement of Claim, Schwab requested damages in the amount of \$150,893.99, plus reimbursement of the costs associated with filing this arbitration matter. In the Answer to the Counterclaim, Schwab requested dismissal of the Counterclaim in its entirety.

Respondent Karam requested dismissal of Schwab's Statement of Claim in its entirety. In his Counterclaim, Karam requested damages in the amount of \$604,320.69 and reimbursement of the filing fee.

OTHER ISSUES CONSIDERED AND DECIDED

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

- 1) On March 9, 2000, Anis B. Karam was advised by Schwab's account representative, Constatine Damascus, of the margin call by Schwab and that unless the call was immediately met, Schwab would liquidate Karam's account. Pursuant to Karam's request, the liquidation deadline was extended until 11:00 am (Pacific Time). Because the margin call was not covered by that time, Karam's account was liquidated. The liquidation of Karam's account was consistent with the terms of the Schwab Account Agreement, as agreed to by Karam. The liquidation of Karam's account left a debit balance of \$150,893.99. Accordingly, the Panel finds that Respondent Karam shall pay to Claimant Schwab \$150,893.99 plus interest of \$38.77 per day from April 1, 2000 through the date of payment, consistent with the terms of the Schwab Account Agreement.
- 2) As for Respondent Karam's Counterclaim, the Panel finds that Schwab breached its contractual duties owed to its customer, Anis B. Karam, by failing to exercise 20 Puts of Network Solution (NSOL), representing the option to sell 2,000 shares @ \$290.00 per share on February 18, 2000. However, the Panel finds that Karam was not damaged as a result of Schwab's failure in this regard, or in the alternative, Karam waived any damages claimed by failing to timely mitigate. Accordingly, Karam shall recover nothing on his Counterclaim.
- 3) Each party shall bear its own costs, including filing costs and attorney's fees.
- 4) All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 1,000.00
Respondent's Counterclaim filing fee	= \$ 375.00

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 which 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
Hearing Process Fee	= \$ 2,500.00
Total Member Fees	= \$ 4,600.00

Forum Fees and Assessments

The Panel assessed a forum fee for each pre-hearing conference or hearing session conducted. A pre-hearing conference and hearing session is any meeting between the parties and the Chair/Panel. The following fees are assessed:

(2) Pre-hearing conference sessions with the Panel @ \$1,200.00/session	= \$ 2,400.00
Pre-hearing conferences:	
April 12, 2001	1 session
April 30, 2001	1 session
(4) Hearing sessions @ \$1,200.00/session	= \$ 4,800.00
Hearings:	
June 14, 2001	2 sessions
June 15, 2001	2 sessions
Total Forum Fees	= \$ 7,200.00

1. The Panel assessed \$ 3,600.00 of the forum fees to Claimant Charles Schwab & Co., Inc.
2. The Panel assessed \$ 3,600.00 of the forum fees to Respondent Anis B. Karam

Fee Summary

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

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 4,600.00
<u>Forum Fees</u>	= \$ 3,600.00
Total Fees	= \$ 9,200.00
<u>Less Payments</u>	= \$ (7,325.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,875.00

2. Respondent, Anis B. Karam, is charged with the following fees and costs:


Counterclaim Filing Fee	= \$ 375.00
<u>Forum Fees</u>	= \$ 3,600.00
Total Fees	= \$ 3,975.00
<u>Less Payments</u>	= \$ (1,625.00)
Balance Due NASD Dispute Resolution, Inc.	= \$ 2,350.00

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

ARBITRATION PANEL

William P. Bergsten, Esq.	-	Public Arbitrator, Presiding Chair
Thomas Y. Higashi, Esq.	-	Public Arbitrator
Curt Roy Hinline, Esq.	-	Non-Public Arbitrator

Concurring Arbitrators' Signature(s)


William P. Bergsten, Esq.
Chair, Public Arbitrator


Signature Date

Thomas Y. Higashi, Esq.
Public Arbitrator

Signature Date

Curt Roy Hineine, Esq.
Industry/Non-Public Arbitrator

Signature Date

Date Served:

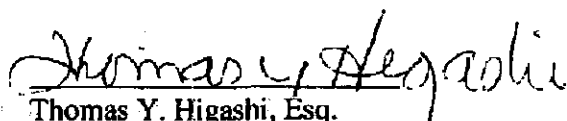
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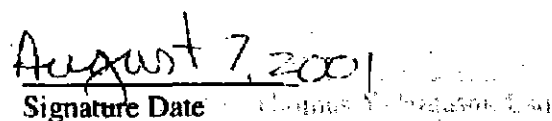
Date of Service

Concurring Arbitrators' Signature(s)

William P. Bergsten, Esq.
Chair, Public Arbitrator

Signature Date


Thomas Y. Higashi, Esq.
Public Arbitrator


Signature Date August 7, 2001
Thomas Y. Higashi, Esq.
Public Arbitrator

Curt Roy Hine, Esq.
Industry/Non-Public Arbitrator

Signature Date

Date Served:

AUG - 8 2001

Date of Service

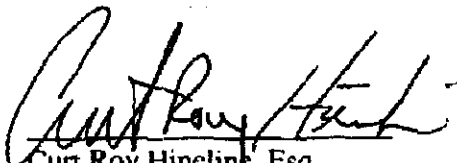
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Thomas Y. Higashi, Esq.
Public Arbitrator

Signature Date Thomas Y. Higashi, Esq.
Public Arbitrator


Curt Roy Hine, Esq.
Industry/Non-Public Arbitrator

8/2/01
Signature Date

Date Served:
AUG - 8 2001

Date of Service