

Award
NASD Dispute Resolution, Inc.

In the Matter of the Arbitration Between:

Rafaeil Diamond Co. and Mandana Riahi, (Claimants) vs. Raymond James Financial Services, Inc. and Robert Binkele, (Respondents)

Case Number: 00-05639

Hearing Site: New York, New York

REPRESENTATION OF PARTIES

Claimants Rafaeil Diamond Co. ("Rafaeil") and Mandana Riahi ("Riahi"), hereinafter collectively referred to as "Claimants": Joseph N. Paykin, Esq., Raice Paykin Krieg & Schrader LLP, New York, NY.

Respondents Raymond James Financial Services, Inc. ("RJF") and Robert Binkele ("Binkele"), hereinafter collectively referred to as "Respondents": Mitchell J. Albert, Esq., Albert & Will, LLP, Torrance, CA.

CASE INFORMATION

Statement of Claim filed on or about: December 19, 2000.

Rafaeil signed the Uniform Submission Agreement: December 15, 2000.

Riahi signed the Uniform Submission Agreement: December 15, 2000.

Statement of Answer and Counterclaim filed by Respondents on or about: February 20, 2001.

RJF signed the Uniform Submission Agreement: January 26, 2001.

Binkele signed the Uniform Submission Agreement: February 23, 2001.

CASE SUMMARY

Claimants asserted the following causes of action: fraud and misrepresentations; high pressure and unfair sales practices; violation of account agreements; unauthorized trading; unsuitable investments; common law fraud; violation of Rule 10-5 of the Exchange Act of 1934; negligence; breach of fiduciary duty; failure to supervise; violation of margin rules; and churning. Claimants' claims involved the stocks of Interspeed Incorporated, Digital Island Incorporated, and Doubleclick Incorporated.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses: the Statement of Claim fails to state any claim upon which relief can be granted; Claimants' alleged losses were proximately caused by their own conduct or negligence, or the conduct or negligence of a third party; Respondents did not, at any time, have any control, advisory or supervisory, over purchases or sales in Claimants' accounts; Claimants expressly ordered, approved, authorized, participated in, and ratified the acts and transactions complained of and upon which recovery is sought; Claimants, through their conduct, approved, authorized, and ratified the actions and transactions complained of, and are accordingly estopped from recovery herein; all risks concerned in the purchasing and selling of the investments in Claimants' accounts were explained to Claimants, and they knowingly, willingly, and voluntarily assumed the risk of investing in the market; Claimants failed to use the requisite due diligence in monitoring, trading, managing, and handling their own accounts; no conduct, act, or omission on the part of Respondents was a substantial factor or a contributing cause in bringing about the alleged damages or injuries suffered by Claimants; if it is found that Respondents were negligent or otherwise at fault, then the conduct, negligence, or fault of Claimants and other parties must be compared to determine the degree of fault among said persons; Claimants failed to mitigate their damages; Claimants, by their conduct, have waived any and all rights they may have against Respondents; Claimants' claims are barred by the applicable statute of limitations and by the doctrine of laches; at all relevant times, RJF maintained an adequate and reasonable system of supervision and control over its employees; RJF acted in good faith and did not at any time, directly or indirectly, induce any act or acts constituting a cause of action; and there is no private right of action for violation of rules or regulations of any Exchange or Self-Regulatory Organization.

In its Counterclaim against Rafaeil, RJF asserted the following cause of action: failure to repay debit balance in account.

RELIEF REQUESTED

Claimants requested compensatory damages in favor of Rafaeil in the amount of \$172,644.77, plus interest from July 1, 2000; compensatory damages in favor of Riahi in the amount of \$26,676.00, plus interest from August 11, 2000; and such other and different relief as the Panel deems appropriate.

Respondents requested:

1. That Claimants' claims be dismissed in their entirety;
2. That Claimants be held responsible for all filing fees, forum fees, and any other costs associated with the NASD; and
3. Such other and further relief as the Panel may deem appropriate.

In its Counterclaim against Rafaeil, RJF requested compensatory damages in the amount of \$2,860.22, plus interest at the rate of 10% per annum from October 31, 2000 to the date of payment.

OTHER ISSUES CONSIDERED AND DECIDED

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. Claimants' claims are hereby dismissed in their entirety.
2. Rafaeil be and hereby is solely liable for and shall pay to RJF the sum of \$2,913.06 as compensatory damages, plus interest at the rate of 10% per annum accruing from October 31, 2000 until the date the award is paid.
3. All other requests for relief are hereby denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

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

Initial claim filing fee	= \$ 300.00
Counterclaim filing fee	= \$ 400.00

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 persons at the time of the events giving rise to the dispute. In this matter, Raymond James Financial Services, Inc. is a party.

Member surcharge	= \$1,500.00
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Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$2,500.00

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:

One (1) Pre-hearing session with Panel x \$1,125.00	= \$1,125.00
Pre-hearing conference: June 18, 2001	1 session

Four (4) Hearing sessions x \$1,125.00	= \$4,500.00
Hearing Dates: October 22, 2001	2 sessions
October 23, 2001	2 sessions

Total Forum Fees	= \$5,625.00
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1. The Panel has assessed \$2,812.50 of the forum fees jointly and severally against Claimants.
2. The Panel has assessed \$2,812.50 of the forum fees jointly and severally against Respondents.

Fee Summary

1. Claimants be and hereby are jointly and severally liable for:

Initial Filing Fee	= \$ 300.00
<u>Forum Fees</u>	= <u>\$2,812.50</u>
Total Fees	= \$3,112.50
<u>Less payments</u>	= <u>\$2,125.00</u>
Balance Due NASD Dispute Resolution, Inc.	= \$ 987.50

2. RJF be and hereby is solely liable for:

Counterclaim Filing Fee	= \$ 400.00
<u>Member Fees</u>	= <u>\$4,600.00</u>
Total Fees	= \$5,000.00
<u>Less payments</u>	= <u>\$5,000.00</u>

Balance Due NASD Dispute Resolution, Inc. = \$ 0.00

3. Respondents be and hereby are jointly and severally liable for:

<u>Forum Fees</u>	= \$2,812.50
<u>Total Fees</u>	= \$2,812.50
<u>Less payments</u>	= \$ 125.00
Balance Due NASD Dispute Resolution, Inc.	= \$2,687.50

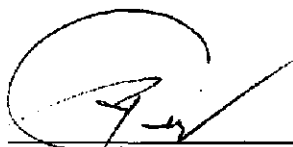
All balances are due and payable to NASD Dispute Resolution, Inc.

ARBITRATION PANEL

Eugene Tenenbaum	-	Public Arbitrator, Presiding Chair
Herbert Siegel, Esq.	-	Public Arbitrator
Douglas S. Flaherty	-	Industry 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 Tenenbaum
Public Arbitrator, Presiding Chair

11/27/01
Signature Date

Herbert Siegel, Esq.
Public Arbitrator

Signature Date

Douglas S. Flaherty
Industry Arbitrator

Signature Date

December 3, 2001

Date of Service (For NASD office use only)

ARBITRATION PANEL

Eugene Tenenbaum	-	Public Arbitrator, Presiding Chair
Herbert Siegel, Esq.	-	Public Arbitrator
Douglas S. Flaherty	-	Industry Arbitrator

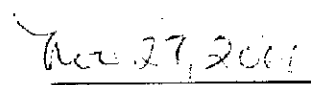
Concurring Arbitrators' Signatures

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Eugene Tenenbaum
Public Arbitrator, Presiding Chair

Signature Date


Herbert Siegel, Esq.
Public Arbitrator


Signature Date

Douglas S. Flaherty
Industry Arbitrator

Signature Date

December 3, 2001
Date of Service (For NASD office use only)

ARBITRATION PANEL

Eugene Tenenbaum	-	Public Arbitrator, Presiding Chair
Herbert Siegel, Esq.	-	Public Arbitrator
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Concurring Arbitrators' Signatures

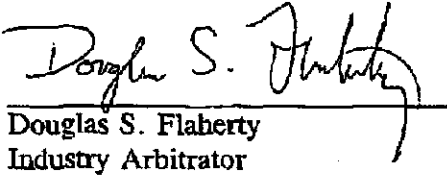
I, the undersigned arbitrator, do hereby affirm, pursuant to Article 7507 of the Civil Practice Law and Rules, that I am the individual described herein and who executed this instrument which is my award.

Eugene Tenenbaum
Public Arbitrator, Presiding Chair

Signature Date

Herbert Siegel, Esq.
Public Arbitrator

Signature Date


Douglas S. Flaherty
Industry Arbitrator

11/26/2001
Signature Date

December 3, 2001
Date of Service (For NASD office use only)