

**AWARD**  
**NASD Dispute Resolution, Inc.**

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In the Matter of the Arbitration Between

Robert W. Baird & Co., Inc.

and

01-01325  
Grand Rapids, Michigan

Farouq Karadsheh

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**REPRESENTATION OF PARTIES**

Robert W. Baird & Co., Inc. ("Claimant") was represented by Gregory G. Wille, Esq., Wille, Gregory & Lundeen, Milwaukee, Wisconsin.

Farouq Karadsheh ("Respondent") did not appear.

**CASE INFORMATION**

The Statement of Claim was filed on or about March 15, 2001. Submission Agreement of Claimant Robert W. Baird & Co., Inc. was signed on March 12, 2001, by Deborah J. Fabritz, Senior Vice President.

Respondent did not file a Statement of Answer.

**CASE SUMMARY**

Claimant submitted the following summary:

This matter was directed to arbitration by the February 26, 2001, Order of the 14th Circuit Court for the County of Muskegon, Michigan. The Court ordered that Baird submit its state court complaint for collection of a promissory note as a claim in arbitration, and further ordered that "Defendant Karadsheh shall thereafter submit the claims asserted by him in this action as a counterclaim in such arbitration or be barred thereafter from asserting such claims." On March 15, 2001, Baird filed its Statement of Claim seeking to collect principal, interest and costs of collection upon a Demand Note executed by Karadsheh on November 26, 1997, and given by Karadsheh to evidence his obligation to pay a debit balance arising in his Baird account as a result of a course of active option trading and the return for insufficient funds of three checks he had deposited in the account to fund such trading. A copy of the filing letter, together with Statement of Claim, was sent to Attorney Thomas H. Andrews, who represented Karadsheh in the state court action and was aware of the Court Order directing that the matter be submitted to arbitration. Thereafter, by letter dated March 20, 2001, NASD-DR served the

Statement of Claim upon Karadsheh and directed that an Answer to the Statement of Claim be filed and served on or before May 9, 2001. Karadsheh failed to file and serve an Answer by May 9, 2001. On August 6, 2001, NASD-DR sent by certified mail a further letter warning Karadsheh that notwithstanding his failure to submit an Answer, the case would proceed and the Panel could render an Award against him. Karadsheh continued in his failure to submit an Answer. The matter was scheduled for hearing on November 13, 2001. Notice of that hearing was sent to Karadsheh by NASD-DR, and counsel who appeared for Karadsheh in the state court action also received notice of the hearing by being copied on various correspondence between Baird's counsel and NASD-DR regarding that subject

### **RELIEF REQUESTED**

In the Statement of Claim, Claimant requested an award in the amount of \$50,825.20, plus interest at the rate of 13.925/day from March 16, 2001, through the date of payment, costs of collection, including reasonable attorneys fees, and costs and disbursements.

At hearing, Claimant introduced evidence that there was due and owing from Karadsheh unpaid principal and interest on the Demand Note of \$50,825.20 through the date of filing the Statement of Claim, plus interest thereafter through the date of hearing in the amount of \$3,383.77 and costs of collection of \$16,250.12, for a total of \$70,459.09.

### **OTHER ISSUES CONSIDERED & DECIDED**

Upon review of the file and the representations made by/on behalf of the Claimant, the undersigned arbitrators have determined that Respondent Farouq Karadsheh has been properly served with the Statement of Claim pursuant to Rule 10314 of the NASD Code of Arbitration Procedure (the "Code"). The undersigned arbitrators have also determined that Respondent Farouq Karadsheh had received due notice of the hearing as required under Rule 10315 of the Code and that arbitration of the matter would proceed pursuant to Rule 10318 of the Code.

Respondent Farouq Karadsheh did not file with the NASD Dispute Resolution, Inc. a properly executed submission to arbitration but is required to submit to arbitration pursuant to Rule 10301 of the NASD Code of Arbitration Procedure (the "Code"), the Option/Margin Agreement of May 27, 1997, and the Hon. William C. Marietti's of the 14<sup>th</sup> Circuit Court for the County of Muskegon, Michigan, February 26, 2001, Order. Pursuant to the above, Respondent Farouq Karedsheh is bound by the determination of the arbitration panel on all issues submitted.

At hearing, Claimant moved for Default Judgment, said Motion was denied by the Panel.

The party present agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the award while the original(s) remain on file with the NASD Dispute Resolution, Inc. (the "NASD").

### **AWARD**

After considering the pleadings, the testimony, and the evidence presented at the hearing, the undersigned arbitrators have decided in full and final resolution of the issues submitted for determination as follows:

- 1.) Respondent, Farouq Karedsheh, is liable for and shall pay to Claimant, Robert W. Baird & Co., Inc., the sum of \$54,001.78 in compensatory damages. The above stated sum also includes an award of interest;
- 2.) Respondent, Farouq Karedsheh, is liable for and shall pay to Claimant, Robert W. Baird & Co., Inc., the sum of \$12,900.12 in Attorney Fees pursuant to the terms of the Demand Note dated November 26, 1997;
- 3.) Respondent, Farouq Karedsheh, is liable for and shall pay to Claimant, Robert W. Baird & Co., Inc., the sum of \$1,000.00 as reimbursement for Filing Fees;
- 4.) That other than Forum Fees which are specified below, the parties shall each bear their own costs and expenses incurred in this matter;
- 5.) That any relief not specifically enumerated, including punitive damages, is hereby denied with prejudice.

### **FEES**

Pursuant to the Code, the following fees are assessed:

#### **Filing Fees**

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

Initial claim filing fee	= \$1,000.00
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#### **Member Fees**

Member fees are assessed to each member firm that is a party in these proceedings. In this matter, the member firm is Robert W. Baird & Co., Inc.

Member surcharge	= \$1,000.00
Pre-hearing process fee	= \$ 600.00
Hearing process fee	= \$1,500.00

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

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

One (1) Pre-hearing session with Panel x \$750.00	= \$ 750.00
Pre-hearing conference: September 28, 2001 1 session	
One (1) Hearing session x \$750.00	= \$ 750.00
Hearing Date: November 13, 2001 1 session	
Total Forum Fees	= \$1,500.00

The Arbitration Panel has assessed \$1,500.00 of the forum fees to Farouq Karadsheh.

**Fee Summary**

Claimant, Robert W. Baird & Co., Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 3,100.00
Total Fees	= \$ 4,100.00
Less payments	= \$ 3,350.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 750.00

Respondent, Farouq Karadsheh, is liable for:

Forum Fees	= \$ 1,500.00
Total Fees	= \$ 1,500.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution, Inc.	= \$ 1,500.00

All balances are due to NASD Dispute Resolution, Inc.

**ARBITRATION PANEL**

Thomas Anthony Van Tiem, Sr. - Public, Presiding Chair  
Kenneth J. Safran, Esq. - Public Arbitrator  
Jay B. MacKenzie - Non-Public Arbitrator

Concurring Arbitrators:

<u>/s/ Thomas Anthony Van Tiem, Sr.</u> Thomas Anthony Van Tiem, Sr. Public Arbitrator, Presiding Chair	<u>12/12/01</u> Signature Date
<u>/s/ Kenneth J. Safran, Esq.</u> Kenneth J. Safran, Esq. Public Arbitrator	<u>12/01/01</u> Signature Date
<u>/s/ Jay B. MacKenzie</u> Jay B. MacKenzie Non-Public Arbitrator	<u>12/6/01</u> Signature Date

12/12/01  
Date of Service (For NASD office use only)

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NASD Dispute Resolution, Inc.  
Arbitration No. 01-01325  
Award Page 4 of 4

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Kenneth J. Safran, Esq. - Public Arbitrator  
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Concurring Arbitrators:

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Public Arbitrator, Presiding Chair

Signature Date

Kenneth J. Safran, Esq.  
Public Arbitrator

Signature Date

Jay B. MacKenzie  
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

NASD Dispute Resolution, Inc.  
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<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$ 750.00</b>

Respondent, Farouq Karadsheh, is liable for:

Forum Fees	= \$ 1,500.00
<b>Total Fees</b>	<b>= \$ 1,500.00</b>
<b>Less payments</b>	<b>= \$ 0.00</b>
<b>Balance Due NASD Dispute Resolution, Inc.</b>	<b>= \$ 1,500.00</b>

**All balances are due to NASD Dispute Resolution, Inc.**

**ARBITRATION PANEL**

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Kenneth J. Safran, Esq. - Public Arbitrator  
Jay B. MacKenzie - Non-Public Arbitrator

Concurring Arbitrators:

Thomas Anthony Van Tiem, Sr.  
Public Arbitrator, Presiding Chair

  
Kenneth J. Safran, Esq.  
Public Arbitrator

Signature Date

12/6/2001  
Signature Date

Jay B. MacKenzie  
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)