

Award
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Guy De Lacrose, Claimant v. Kami Khatounabadi, Andrew S. Louis and Hampton-Porter Investment Bankers, Respondents

Case Number: 01-02125

Hearing Site: San Francisco, California

REPRESENTATION OF PARTIES

For Claimant:

James J. Seltzer, Esq.
Emeryville, California

For Respondent Kami Khatounabadi:

Kami Khatounabadi
San Diego, California

For Respondent Andrew S. Louis:

Andrew S. Louis
San Diego, California

For Respondent Hampton-Porter Investment Bankers:

Gregory DuBois Walker
Hampton-Porter Investment Bankers
San Diego, California

CASE INFORMATION

Statement of Claim filed on or about: April 26, 2001

Claimant's Uniform Submission Agreement signed: April 25, 2001

Respondent Kami Khatounabadi's ("Khatounabadi") Statement of Answer filed on or about: August 9, 2001

CASE SUMMARY

Claimant alleged the following claims with respect to investments in various securities: 1) Just and Equitable Principles of Trade; 2) Suitability; 3) Omissions and Misrepresentations of Material Fact; 4) Violation of Margin Requirements; 5) Negligent Supervision and Failure to Supervise; 6) Violation of Corporations Code Sections 25401 and 25504.1; 7) Negligence; 8) Breach of Contract; 9) The Implied Covenant of Good Faith and Fair Dealing; 10) Breach of Fiduciary Duty; and 11) Common Law Fraud.

Respondent Khatounabadi alleged that his job was to cold call and open new accounts for Respondent Andrew S. Louis ("Louis") and provide clients with basic information regarding their accounts such as margin calls and the price of their stock. Respondent Khatounabadi also alleged that Claimant asked him about trading options and that he advised Claimant to speak with Respondent Louis.

RELIEF REQUESTED

Claimant requested damages in the amount of \$35,000, in addition to \$100,000 in punitive damages, not including benefit of the bargain damages, lost opportunity costs, model portfolio damages, and prejudgment interest. Claimant also requested attorneys' fees, costs and the taking of any further action deemed just and appropriate.

OTHER ISSUES CONSIDERED AND DECIDED

Respondents Louis and Hampton-Porter Investment Bankers ("Hampton-Porter") did not file with NASD Dispute Resolution ("NASD-DR") a *Statement of Answer* or properly executed submission to arbitration. Respondent Khatounabadi did not file with NASD-DR a properly executed submission to arbitration. The Panel determined that Respondents Louis and Hampton-Porter have been properly served with Claimant's *Statement of Claim* and further determined that Respondents Khatounabadi, Louis and Hampton-Porter are required to submit to arbitration pursuant to the NASD Code of Arbitration Procedure ("the Code") and are bound by the determination of the Panel on all issues submitted.

Respondents Khatounabadi and Hampton-Porter did not appear at the evidentiary hearing in this matter. Pursuant to Rule 10318 of the Code, the Panel determined that Respondents Khatounabadi and Hampton-Porter received proper notice of the hearing and ruled to proceed in their absence.

At hearing, the Panel reviewed and considered the positions of the parties relative to Claimant's request that Respondent Louis be barred from presenting any facts or defense at hearing. The Panel denied Claimant's request.

The parties present at hearing 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, the Panel decided in full and final resolution of the issues submitted for determination as follows:

- 1) Respondent Hampton-Porter is solely liable for and shall pay to Claimant the sum of \$18,183.64 plus interest at the rate of 6% per annum from March 3, 2000 until paid.
- 2) Respondent Louis is solely liable for and shall pay to Claimant the sum of \$2,272.95 plus interest at the rate of 6% per annum from March 3, 2000 until paid.
- 3) Respondent Khatounabadi is solely liable for and shall pay to Claimant the sum of \$2,272.95 plus interest at the rate of 6% per annum from March 3, 2000 until paid.
- 4) Claimant's request for punitive damages is denied.
- 5) Each party shall bear its own costs, including attorney's fees.
- 6) All other relief not expressly granted is denied.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD-DR received or will collect the non-refundable filing fees for each claim as follows:

Initial claim filing fee = \$300.00

Member Fees

Member fees are assessed to each member firm that is a party in these proceedings or to the member firm(s) that employed the associated person(s) at the time of the event(s) giving rise to the dispute. Accordingly, Hampton-Porter is a party and the following fees are assessed:

Member Surcharge = \$1,500.00

Total Member Fees = \$1,500.00

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 @ \$1,125.00/session = \$2,250.00

Pre-hearing conferences: January 14, 2002 1 session

March 4, 2002 1 session

(2) Hearing sessions @ \$1,125.00/session = \$2,250.00
Hearing: September 17, 2002 2 sessions

Total Forum Fees = \$4,500.00

The Panel assessed \$3,600.00 of the forum fees to Respondent Hampton-Porter.

The Panel assessed \$450.00 of the forum fees to Respondent Khatounabadi.

The Panel assessed \$450.00 of the forum fees to Respondent Louis.

The Panel waived the forum fees in connection with the phone conference held January 9, 2002.

Administrative Costs

Administrative costs are expenses incurred because a party requested additional services beyond the normal administrative services. These additional services include, but are not limited to, additional copies of arbitrator awards, copies of audio transcripts, retrieval of documents from archives, interpreters, security, and other requests.

The parties did not incur administrative costs.

Fee Summary

1. Claimant is charged with the following fees and costs:

Initial Filing Fee	= \$ 300.00
<u>Administrative Costs</u>	= \$ 0.00
Total Fees	= \$ 300.00
<u>Less Payments</u>	= \$(1,425.00)
Refund Due Claimant	= \$(1,125.00)

2. Respondent, Hampton-Porter, is charged with the following fees and costs:

Member Fees	= \$ 1,500.00
Forum Fees	= \$ 3,600.00
<u>Administrative Costs</u>	= \$ 0.00
Total Fees	= \$ 5,100.00
<u>Less Payments</u>	= \$ (0.00)
Balance Due NASD-DR	= \$ 5,100.00

3. Respondent, Khatounabadi, is charged with the following fees and costs:

Forum Fees	= \$ 450.00
<u>Administrative Costs</u>	= \$ 0.00
Total Fees	= \$ 450.00
<u>Less Payments</u>	= \$ (0.00)
Balance Due NASD-DR	= \$ 450.00

4. Respondent, Louis, is charged with the following fees and costs:

Forum Fees	= \$ 450.00
<u>Administrative Costs</u>	= \$ 0.00
Total Fees	= \$ 450.00
<u>Less Payments</u>	= \$ (0.00)
Balance Due NASD-DR	= \$ 450.00

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

ARBITRATION PANEL

David Zebker	-	Public Arbitrator, Presiding Chair
Carol M. Clements, Esq.	-	Public Arbitrator
Jane F. Gundermann	-	Non-Public Arbitrator

Concurring Arbitrators' Signatures

David Zebker
Chair, Public Arbitrator

Signature Date

Carol M. Clements, Esq.
Public Arbitrator

Signature Date

Jane F. Gundermann
Non-Public Arbitrator

Signature Date

10/25/02
Date of Service

ARBITRATION PANEL

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Carol M. Clements, Esq.
Jane F. Gundermann

Public Arbitrator, Presiding Chair
Public Arbitrator
Non-Public Arbitrator

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David Zebker
Chair, Public Arbitrator

10/25/02
Signature Date

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Carol M. Clements, Esq.
Public Arbitrator

Signature Date

Jane F. Gundermann
Jane F. Gundermann
Non-Public Arbitrator

Signature Date

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Chair, Public Arbitrator

Signature Date

Carol M. Clements, Esq.
Public Arbitrator

Signature Date



Jane F. Gundermann
Non-Public Arbitrator

10/22/02

Signature Date

10/25/02

Date of Service

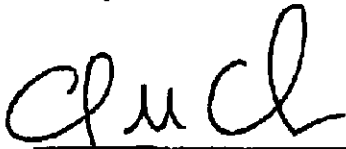
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Chair, Public Arbitrator

Signature Date



Carol M. Clements, Esq.
Public Arbitrator

10/21/02

Signature Date

Jane F. Gundermann
Non-Public Arbitrator

Signature Date

10/25/02
Date of Service