

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

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In the Matter of the Arbitration Between:

Name of the Claimant  
Rajpal Bandarapalli

Case Number: 02-06604, con. with  
03-00981

Name of the Respondents  
John Keith Parmley  
Scottrade, Inc.

Hearing Site: Dallas, Texas

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**NATURE OF THE DISPUTE**

Customer v. Member and Associated Person

**REPRESENTATION OF PARTIES**

Claimant Rajpal Bandarapalli, hereinafter referred to as "Claimant": Appeared pro se.

Respondents John Keith Parmley ("Parmley") and Scottrade, Inc. ("Scottrade"), hereinafter collectively referred to as "Respondents": Sherri C. Strand, Esq. of the firm of Thompson Coburn LLP, located in St. Louis, Missouri.

**CASE INFORMATION**

**Case No. 02-06604**

Statement of Claim filed: November 4, 2002

Claimant signed the Uniform Submission Agreement: October 29, 2002

Statement of Answer filed by Respondents: January 31, 2003.

Respondent Parmley signed the Uniform Submission Agreement: January 13, 2003.

Respondent Scottrade signed the Uniform Submission Agreement: January 17, 2003.

**Case No. 03-00981**

Statement of Claim filed: February 10, 2003.

Claimant signed the Uniform Submission Agreement: February 3, 2003.

Statement of Answer filed by Respondents: March 10, 2003.

Respondent Parmley signed the Uniform Submission Agreement: February 24, 2003.

Respondent Scottrade signed the Uniform Submission Agreement: February 26, 2003.

Respondents' Motion to Consolidate filed on: March 10, 2003.

Claimant's Response to the Motion to Consolidate filed on: March 25, 2003.

**CASE SUMMARY**

Claimant asserted the following causes of action: breach of fiduciary duty; fraud; negligence; and, violation of federal securities laws and NASD rules regarding control person liability. The causes of action resulted from the improper execution of trades involving NASDAQ/NYSE technology stocks.

Unless specifically admitted in their Answer, Respondents denied the allegations made in the Statement of Claim and asserted the following defenses:

1. Respondents deny that Claimant is entitled to relief under any of the legal theories that Claimant asserted;
2. Claimant failed to state a claim upon which relief can be granted;
3. The losses were a result of Claimant's assumption of risk and/or Claimant's own negligence. Claimant failed to take reasonable steps to mitigate his alleged damages;
4. As discount brokers, Respondents did not legally have the duties to Claimant that he asserts and Scottrade did not assume any fiduciary duties to Claimant;
5. Any losses suffered by the Claimant were caused by his own decisions and market conditions outside the control of Respondents;
6. Claimant is barred from recovery against Respondents under the doctrines of waiver, ratification and acquiescence;
7. Claimant is estopped by his own conduct from asserting claims against Respondents; and,
8. Claimant failed to exercise reasonable and ordinary care, caution or prudence with respect to the matters alleged in the Statement of Claim and therefore should be barred from recovery.

**RELIEF REQUESTED**

Claimant requested:

**Case No. 02-06604**

Compensatory Damages  
Punitive Damages

\$97,867.35

To be determined by the Panel and  
distributed to all customers  
defrauded by Respondents

Interest  
Other Costs

To be determined by the Panel  
Including reasonable consulting fees

**Case No. 03-00981**

Compensatory Damages  
Punitive Damages

\$4,976.83

To be determined by the Panel and  
distributed to all customers

Interest  
Other Costs

defrauded by Respondents  
To be determined by the Panel  
Including reasonable consulting fees

Respondents requested that the Panel dismiss Claimant's claims in their entirety and award Respondents their costs, expenses and fees incurred in defending this claim.

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

On February 10, 2003, Claimant filed an additional arbitration against the same Respondents. Respondents filed a Motion to Consolidate, which Claimant responded to on March 25, 2003.

After review of the Motion and Response, the Director of Arbitration granted the Motion to Consolidate on or about April 28, 2003 pursuant to Rule 10314(d) of the Code of Arbitration Procedure. The Panel confirmed this decision at the hearing.

During the hearing, Respondents presented a Motion to Dismiss Respondent John Keith Parmley. After consideration of the arguments presented by the parties, the Panel granted the Motion.

#### **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. The claims asserted by Claimant Rajpal Bandrapalli are dismissed and denied in their entirety;
2. Pursuant to the Respondents' Motion, Respondent John Keith Parmley is dismissed with prejudice;
3. The parties shall bear their own costs of arbitration, including any attorneys' fees; and
4. 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 (02-06604)	= \$ 225.00
Initial claim filing fee (03-00981)	= \$ 50.00

##### **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 person at the time of the events giving rise to the

dispute. Accordingly, Scottrade, Inc. is a party and the following member fees are assessed:

Member surcharge (02-06604)	= \$ 1,100.00
Member surcharge (03-00981)	= \$ 200.00
Pre-hearing process fee	= \$ 750.00
Hearing process fee	= \$ 2,750.00

**Adjournment Fees**

Adjournments granted during these proceedings for which fees were assessed: None.

**Forum Fees and Assessments**

The Panel has assessed forum fees for each session conducted. A 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 a single arbitrator @ \$450.00	= \$ 450.00
Pre-hearing conference: July 24, 2003 1 session	
One (1) Pre-hearing session with Panel @ \$ 1,125.00	= \$ 1,125.00
Pre-hearing conference: July 3, 2003 1 session	
Four (4) Hearing sessions @ \$ 1,125.00	= \$ 4,500.00
Hearing Dates: October 16, 2003 2 sessions	
October 17, 2003 2 sessions	
Total Forum Fees	= \$ 6,075.00

The Panel has assessed \$3,037.50 of the forum fees to Claimant Rajpal Bandarapalli and \$3,037.50 of the forum fees to Respondent Scottrade, Inc.

**EEE SUMMARY**

Claimant Rajpal Bandarapalli is solely liable for:

Initial Filing Fee (02-06604)	= \$ 225.00
Initial Filing Fee (03-00981)	= \$ 50.00
Forum Fees	= \$ 3,037.50
Total Fees	= \$ 3,312.50
Less payments	= \$ 400.00
Balance Due NASD Dispute Resolution	= \$ 2,912.50

Respondent Scottrade, Inc. is solely liable for:

Member Fees	= \$ 4,800.00
Forum Fees	= \$ 3,037.50
Total Fees	= \$ 7,837.50
Less payments	= \$ 4,800.00

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Arbitration No. 02-06604  
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Balance Due NASD Dispute Resolution

- \$ 3,037.50

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

ARBITRATION PANEL

David A. Schuler - Public Arbitrator, Presiding Chairperson  
Maryanne M. Esser, Esq. - Public Arbitrator  
R. Theodore Mooock, Jr. - Non-Public Arbitrator

Concurring Arbitrators' Signatures

David A. Schuler

David A. Schuler  
Public Arbitrator, Presiding Chairperson

11/21/03

Signature Date

Maryanne M. Esser, Esq.  
Public Arbitrator

Signature Date

R. Theodore Mooock, Jr.  
Non-Public Arbitrator

Signature Date

11/25/03 RLM  
Date of Service (For NASD Dispute Resolution office use only)

NASD Dispute Resolution  
Arbitration No. 02-06604  
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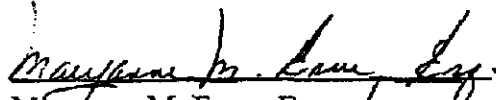
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David A. Schuler  
Public Arbitrator, Presiding Chairperson

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Signature Date

  
Maryanne M. Esser, Esq.  
Public Arbitrator

21 NOVEMBER 2003  
Signature Date

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R. Theodore Mooock, Jr.  
Non-Public Arbitrator

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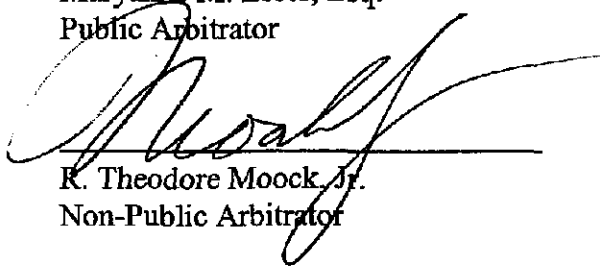
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Maryanne M. Esser, Esq.  
Public Arbitrator

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Signature Date

  
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R. Theodore Moock, Jr.  
Non-Public Arbitrator

11/24/03  
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Signature Date

11/25/03   
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