

NASD DISPUTE RESOLUTION AWARD
NASD DISPUTE RESOLUTION

CASE: 04-05770

Suresh Marisetty (Claimant) v. E*Trade Securities, Inc. (Respondent)

ATTORNEYS:

Claimant Suresh Marisetty ("Claimant") appeared *pro se*, Fremont, CA.

For Respondent E*Trade Securities, Inc. ("Respondent") appeared John Bersin, Esq., in-house counsel, E*Trade Securities, Inc., Rancho Cordova, CA.

NATURE OF DISPUTE: Customer vs. Member.

DATE FILED: August 9, 2004.

CASE SUMMARY: Claimant alleged that Respondent charged margin interest on his own shares of INTC on a "short-against-the-box" position. Claimant further alleged that Respondent failed to pay Claimant interest owed. Claimant maintained that due to Respondent's actions, his account suffered losses. Claimant's claim involved shares of common stock.

ARBITRATOR'S REPORT: See attached Exhibit "A".

Claim Data

Claim: \$4,362.00
Interest: \$1,000.00
Filing Fees: Unspecified

Award Data

Award: \$0.00
Interest: \$0.00
Filing Fees: \$87.50

AWARD: The undersigned arbitrator has decided and determined in full and final resolution of the issues submitted for determination as follows: 1) The claims of Claimant are dismissed in their entirety. 2) All requests for interest are denied. 3) All other relief requests are denied. 4) NASD Dispute Resolution shall retain the \$175.00 filing fee that the Claimant deposited previously. 5) Respondent is liable and shall pay Claimant \$87.50 as reimbursement of one-half of the filing fee.

OTHER FEES: Pursuant to Rule 10333 of the Code, Respondent has paid to NASD Dispute Resolution the \$200.00 Member Surcharge previously invoiced.

Page Two
Award 04-05770

Paul F. Faberman

Sole Public Arbitrator

AFFIRMATION

I, Paul F. Faberman, do hereby affirm, upon my oath as arbitrator that I am the individual described herein who executed this instrument, which is my oath and award.


Paul F. Faberman


Signature Date

April 19, 2005
Date of Service (For NASD-DR office use only)

Subj: **Marisetty v. E*trade Securities**
Date: **Monday, March 21, 2005 8:26:50 AM**

Exhibit "A"

In this matter, Claimant, acting pro se, asserts that Respondent has inappropriately charged margin interest to Claimant, and, arising from other matters, has inappropriately failed to pay interest owing to Claimant. The claim for damages is for repayment to Claimant of interest previously paid by Claimant, and for the payment of interest earned by Claimant but never calculated or paid by Respondent.

Those claims, however sincere, are heavier as inarticulate exhortations than as submissions of credible evidence of liability or measurement of damages.

Respondent's charging of margin interest on so-called "short-against-the-box positions" in Claimant's account is found, on conceptual analysis, to be inappropriate. As asserted by Claimant, such charges are deemed here as unreasonable in concept, since Respondent, indeed, has incurred no costs arising from borrowing securities from others as a direct result of Claimant's trade. Claimant's measurement of alleged damages was so badly flawed and overreaching that the Arbitrator rejected it and called for the Respondent to submit a calculation of its estimate of the Claimant's damages if the Arbitrator were to grant the claim of liability. Respondent's highly specific calculation was that the Claimant's damages were \$0, because there would be a credit balance owing Respondent! Claimant did not refute such calculation! Accordingly, there has been no competent evidence of any damages incurred by Claimant and the claim is dismissed.

Claimant's claim that Respondent has failed to pay interest on a positive balance margin account is dismissed as lacking in the submission of any legal or regulatory basis to such claim.