

AWARD
NASD Dispute Resolution

In the Matter of the Arbitration Between:

Name of Claimant

Scottrade, Inc.

vs.

Case Number: 06-02536
Hearing Site: Dallas, Texas

Name of Respondent

Ozra Esfandiari

NATURE OF THE DISPUTE

Member vs. Customer

REPRESENTATION OF PARTIES

Scottrade, Inc. ("Claimant") was represented by Thomas L. Azar, Esq., Thompson Coburn, LLP, St. Louis, Missouri.

Ozra Esfandiari ("Respondent") did not appear.

CASE INFORMATION

The Statement of Claim was filed on or about May 23, 2006. The Submission Agreement of Claimant was signed on or about May 15, 2006 by Ellis Hough, Manager, Risk Management.

CASE SUMMARY

Claimant asserted the following cause of action: failure to pay an unsecured margin loan balance. The cause of action related to the transactions Respondent conducted in his account between April 1, 2004 and April 14, 2004. Using margin loans, Respondent began short selling shares of various stocks including, but not limited to, shares of IPIX Corporation. Subsequently, the market price of IPIX Corporation stock rose and Claimant issued margin calls to Respondent. Respondent failed to meet the margin calls. Claimant exercised its right to liquidate the securities in Respondent's account and apply the proceeds to Respondent's margin loan, leaving the balance requested.

RELIEF REQUESTED

Claimant requested an award in the amount of:

Actual/Compensatory Damages	\$53,378.31
Interest	Unspecified
Attorneys' Fees	Unspecified
Other Costs	Unspecified
Other Monetary Relief	Unspecified

OTHER ISSUES CONSIDERED & DECIDED

Upon review of the file and the representations made on behalf of the Claimant, the undersigned Panel determined that Respondent, Ozra Esfandiari, has been properly served with the Statement of Claim, received due notice of the hearing, and that arbitration of the matter would proceed without said Respondent present, in accordance with the NASD Code of Arbitration Procedure (the "Code").

Respondent, Ozra Esfandiari, did not file with the NASD Dispute Resolution a properly executed Uniform Submission Agreement but is required to submit to arbitration pursuant to the Code and the Scottrade Account Agreement executed by Ozra Esfandiari on January 16, 2003, and is bound by the determination of the Panel on all issues submitted.

At hearing on December 6, 2006, the Claimant presented a Motion for Default Judgment. The Panel granted the Motion, but required the Claimant to present a prima facie case.

AWARD

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

- 1.) Respondent, Ozra Esfandiari, is liable for and shall pay to Claimant, Scottrade, Inc., the sum of \$55,378.31 in compensatory damages;
- 2.) Respondent, Ozra Esfandiari, is liable for and shall pay to Claimant, Scottrade, Inc., interest on the above-stated sum at the rate of 10% per annum from and including April 17, 2004 through and including December 6, 2006, totaling \$14,608.71;
- 3.) Respondent, Ozra Esfandiari, is liable for and shall pay to Claimant, Scottrade, Inc., the sum of \$5,598.01 in costs;

- 4.) Respondent, Ozra Esfandiari, is liable for and shall pay to Claimant, Scottrade, Inc., the sum of \$2,800.00 in attorneys' fees pursuant to Paragraph 21 of the Brokerage Account Agreement executed by Respondent, Ozra Esfandiari, on January 16, 2003; and
- 5.) Any relief not specifically enumerated is hereby denied with prejudice.

FEES

Pursuant to the Code, the following fees are assessed:

Filing Fees

NASD Dispute Resolution will retain the non-refundable filing fee for each claim:

Initial Claim filing fee = \$ 1,000.00

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. In this matter, the member firm is Scottrade, Inc.

Member surcharge = \$ 1,100.00
Pre-hearing process fee = \$ 750.00
Hearing process fee = \$ 1,700.00

Forum Fees and Assessments

The Panel has assessed forum fees for each hearing session conducted or each decision rendered on a discovery-related motion on the papers. A 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 \$750.00	= \$ 750.00
Pre-hearing conference: September 25, 2006 1 session	
One (1) Hearing session x \$750.00	= \$ 750.00
Hearing Date: December 6, 2006 1 session	
Total Forum Fees	= \$ 1,500.00

The Panel has assessed \$750.00 of the forum fees to Scottrade, Inc.

The Panel has assessed \$750.00 of the forum fees to Ozra Esfandiari.

FEE SUMMARY

Claimant, Scottrade, Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
Member Fees	= \$ 3,550.00
Forum Fees	= \$ 750.00
<u>Total Fees</u>	<u>= \$ 5,300.00</u>
<u>Less payments</u>	<u>= \$ 5,300.00</u>
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Ozra Esfandiari, is liable for:

Forum Fees	= \$ 750.00
<u>Total Fees</u>	<u>= \$ 750.00</u>
<u>Less payments</u>	<u>= \$ 0.00</u>
Balance Due NASD Dispute Resolution	= \$ 750.00

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

ARBITRATION PANEL

Ann Blaess Kimball, Esq. - Public Arbitrator, Presiding Chair
Catherine M. Norman, Esq. - Public Arbitrator
John M. Wilkinson - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Ann Blaess Kimball, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Catherine M. Norman, Esq.
Public Arbitrator

Signature Date

John M. Wilkinson
Non-Public Arbitrator

Signature Date

Date of Service (For NASD office use only)

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Member Fees	= \$ 3,550.00
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Total Fees	= \$ 5,300.00
<u>Less payments</u>	= \$ 5,300.00
Balance Due NASD Dispute Resolution	= \$ 0.00

Respondent, Ozra Esfandlari, is liable for:

<u>Forum Fees</u>	= \$ 750.00
Total Fees	= \$ 750.00
<u>Less payments</u>	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 750.00

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John M. Wilkinson - Non-Public Arbitrator

Concurring Arbitrators' Signatures:

Ann Blaess Kimball
Ann Blaess Kimball, Esq.
Public Arbitrator, Presiding Chair

December 15, 2006
Signature Date

Catherine M. Norman, Esq.
Catherine M. Norman, Esq.
Public Arbitrator

Signature Date

John M. Wilkinson
John M. Wilkinson
Non-Public Arbitrator

Signature Date

12/18/06 Mm
Date of Service (For NASD office use only)

FEE SUMMARY

Claimant, Scottrade, Inc., is liable for:

Initial Filing Fee	= \$ 1,000.00
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Respondent, Ozra Esfandiari, is liable for:

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Total Fees	= \$ 750.00
Less payments	= \$ 0.00
Balance Due NASD Dispute Resolution	= \$ 750.00

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Ann Blaess Kimball, Esq.
Public Arbitrator, Presiding Chair

Signature Date

Catherine M. Norman, Esq.
Public Arbitrator

Signature Date

John M. Wilkinson

John M. Wilkinson

12-13-06

Signature Date

John M. Wilkinson
Non-Public Arbitrator

12/18/06 Wm

Date of Service (For NASD office use only)