

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

PaineWebber, Inc.

Claimant(s)

vs.

Gulf American Financial Services, Inc.

Respondent(s)

CASE NO. 87-02403

Heard Before the Members of the Arbitration Panel:

John A. Roberts
John F. Cockburn
Donald C. Douglas

SUMMARY OF ISSUES

The claim was filed February 26, 1988. Claimant alleged that between September 14, 1987 and September 17, 1987, Respondent placed orders to buy and sell options on the S&P 100 Index and that Respondent deposited two checks in the amount of \$75,000 each with Claimant. Claimant alleged that the trading done by Respondent resulted in losses that exceeded his total deposit by \$27,233.64, that Claimant's bank returned Respondent's previously deposited checks totalling \$150,000 without payment thereof, and that Respondent has failed to pay Claimant the \$177,233.64 due and owing, despite demands for payment. Respondent asserted a counterclaim and alleged that Claimant breached its fiduciary duties, was negligent, and breached its contractual obligation to Respondent, resulting in Respondent 1) being unable to complete its trading program, 2) placing orders that were not completed, 3) placing orders that were improperly completed, and 4) having improper trades and charges made to its account. Respondent alleged that it suffered damages in excess of \$275,000.

RELIEF REQUESTED

Claimant requested an award in its favor of \$177,233.64 plus interest and the costs of this proceeding. Respondent requested dismissal of the claim and for damages in an amount to be proven at the arbitration.

Prepared by NASD Staff
July 19, 1989

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

PaineWebber, Inc.

Claimant
Counterrespondent

vs.

Gulf American Financial Services, Inc.

Respondent
Counterclaimant

CASE #87-02403

AWARD

Heard before the members of the Arbitration Panel:

John A. Roberts
John F. Cockburn
Donald C. Douglas

On May 18, 1989 the arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimant Counterrespondent on November 27, 1987 and by Respondent Counterclaimant on March 31, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has determined in full and final resolution of the issues submitted for determination as follows:

1. Respondent/Counterclaimant is liable for and shall pay to Claimant/Counterrespondent the sum of One Hundred Ninety Nine Thousand Three Hundred Seventy One Dollars and Eighty Eight Cents (\$199,371.88), inclusive of interest.
2. All claims of Respondent/Counterclaimant Gulf American Financial Services, Inc. are dismissed.
3. The parties shall each bear their respective costs including attorneys' fees.
4. Pursuant to Section 43 of the National Association of Securities Dealers, Inc. (NASD) Code of Arbitration Procedure, the NASD shall retain the \$750.00 filing fee previously deposited by the Claimant. Respondent/Counterclaimant is directed to reimburse Claimant the \$750.00 filing fee.

Seattle, Washington
Date Served: June 19, 1989