

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between)

EDWIN D. AND PATSY J. DEAN)

Claimants)

and)

WEDBUSH SECURITIES, INC.)

Respondent)

CASE NO. 88-02145

CASE SUMMARY

Claimants Edwin D. and Patsy J. Dean (hereinafter the "Claimants") alleged that Wedbush Securities, Inc. (hereinafter the "Respondent") liquidated Claimants' account without notifying Claimants of a margin call in their account. Claimants alleged that if they had been provided with notice of a margin call they would have met it. Claimants alleged that they had sufficient funds to meet a margin call. Claimants alleged that on Thursday October 22, 1989 they had a meeting with their broker Karen Ching Carter and with Respondent's branch manager, Robert Tasker. Claimants alleged that at that meeting Robert Tasker told Claimants that if they brought in \$18,000.00 to Respondent, that Respondent would reinstate the Claimants' account. Claimant alleged that Respondent originally reinstated the Claimants' stock but that later the liquidation was reinstated.

Respondent maintained that it had the right to liquidate Claimants' account. Respondent maintained that the \$18,000.00 deposited by the Claimants was not sufficient for the purpose of the Claimants regaining their position. Respondent maintained, that under the NYSE equity required to liquidate an account which fails to meet minimum equity requirements. Respondent maintained, that under the margin agreement, Respondent is entitled to determine credit worthiness. Respondent maintained that it acted properly and within the terms of the margin agreement in liquidating Claimants' account.

RELIEF REQUESTED

Claimants' requested actual damages in the amount of \$18,000.00; interest on this amount, attorney's fees and costs, plus punitive damages.

Respondent requested that the panel dismiss the Claimants' claim.

AWARD

On November 28, 1989, in Denver, Colorado during a hearing lasting three sessions, the undersigned arbitrators heard the controversy between the parties as set forth in submissions to arbitration signed by Claimants Edwin D. and Patsy J. Dean on June 28, 1988, and by Respondent Wedbush Securities, Inc. on November 2, 1988.

The initial claim was filed on July 6, 1988. The arbitration panel, having considered the pleadings, the testimony, and the evidence presented at the hearing, has decided in full and final resolution of the issues submitted for determination as follows:

1. That Respondent is liable to the Claimants and shall pay to the Claimants the sum of \$10,500.00. No interest is awarded on this amount.

2. That Respondent is liable to the Claimants' for attorney's fees in the amount of \$5,166.54. No interest is awarded on this amount.

3. That Claimants' claim for punitive damages is denied in all respects.

4. The Respondents shall bear its costs including attorney's fees.

5. Pursuant to Section 43(b) of the Code of Arbitration Procedure, the NASD, Inc. shall retain as forum fees, for the November 29, 1989. Double hearing sessions shall be assessed equally against the Respondent and the Claimants. Claimants shall pay forum fees in the amount of \$400.00, however Claimants are entitled to offset this amount with their \$400.00 filing fee such that no monies are due from the Claimant. Respondent shall pay forum fees in the amount of \$400.00. All forum fee assessments shall be made payable to the NASD, Inc.

Concurring Arbitrators

Dated: 11-28-89 /S/Carol J. Zamperini

Dated: 11-28-89 /S/Robert D. Greenlee

Dated: 11-28-89 /S/Jerome B. Kelly

Date Served: 12-11-89