

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Charles Schwab & Co., Inc.

Claimant(s)

vs.

John P. Bulen

Respondent(s)

CASE NO. 88-02802

Heard Before the Members of the Arbitration Panel:

Owen G. Smith
Robert A. Haveman
Robert H. Maloney

SUMMARY OF ISSUES

The claim was filed September 1, 1988. Claimants alleged that Respondent entered into a Cash Account Agreement and a Margin and Short Account Agreement with Claimant and that Respondent later modified his account to provide for trading in options. Claimant alleged that on October 13, 1987, Respondent's equity in his account fell below the requisite level due to a depreciation in the value of his securities and an increase in option requirements resulting from a decline in the market and that Claimant sent Respondent a mailgram requesting that additional margin in the amount of \$24,000 be provided or the account would be liquidated. Claimant alleged that Respondent did not contact Claimant in response to the maintenance call nor did he provide the requisite amount of collateral. Claimant alleged that during subsequent days the stock market averages fell substantially, that Respondent's account had a maintenance call for \$193,927.00, that numerous attempts were made by Claimant to contact Respondent and advise him to meet the maintenance call, and that pursuant to the agreements signed by Respondent, Claimant liquidated Respondent's account, leaving a debit balance of \$24,043.85. Respondent alleged that he did not owe any amount to Claimant.

RELIEF REQUESTED

Claimant requested an award of the amount allegedly presently due and owing in the amount of \$23,673.85, plus interest, costs and attorneys fees. Respondent requested that the claim be dismissed.

Prepared by NASD Staff
July 19, 1989