

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between	:	
Dexter Coffield and Sandra Coffield, JTEN	:	
Claimants	:	
vs.	:	AWARD
Charles Schwab & Co., Inc.	:	Case #91-01459
Respondent	:	

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on May 10, 1991, Claimant Dexter and Sandra Coffield who appeared pro se, alleged that Respondent Charles Schwab & Co., Inc. neglected to contact them regarding a margin call which appeared in their customer account. Claimants further alleged that although this margin call was erroneous, the Respondent sold 2,000 shares of MNC Financial Inc. stock without their authorization. The Claimants also alleged that this trade was hidden from them for at least 8 days and that the Claimants were unable to take any action to protect their position.

Respondent Charles Schwab & Co., Inc. through their representative, Joseph Aldridge, maintained that the Claimants were selling uncovered put options out of their customer account and that when the price of the MNC Financial stock fell below \$3.00 per share, it was no longer marginable, causing a debit balance in the customers' account. The Respondents further maintained that although the Claimant told a Schwab representative they were mailing a check to cover the debit amount, none was ever sent.

Respondents Charles Schwab & Co., Inc. have filed a counterclaim in which they alleged the liquidation of the Claimants holdings was not sufficient to cover the entire debit balance; therefore the Claimants are liable to cover this remaining debt.

Claimants Dexter and Sandra Coffield replied to the Respondents counterclaim and maintained that they did instruct Charles Schwab & Co., Inc. that they would transfer funds into this account if there was a problem. Claimants further

maintained that although Charles Schwab & Co., Inc. stated the Claimants had no other accounts with the firm, they did in fact, have another active account from which funds could have been transferred, but since they were erroneously notified of the debit balance, no action was taken.

#### RELIEF REQUESTED

Claimants, Dexter and Sandra Coffield requested the return of 2,000 shares of MNC Financial Inc. stock and that Respondent Charles Schwab & Co., Inc.'s counterclaim against them be dismissed.

Respondent Charles Schwab & Co., Inc. requested the claims of Claimants Dexter and Sandra Coffield be dismissed, and that Respondents be awarded \$1,055.93 in damages, plus interest and return of the NASD filing fee.

#### AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Stuart H. Dunn was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimants on May 6, 1991 and by the Respondent on June 27, 1991.

And, the Arbitrator, having considered the proof of the Parties, has decided and determined in full and final resolution of the issues submitted for determination as follows:

1. The claims of the Claimants Dexter and Sandra Coffield against Respondent Charles Schwab & Co., Inc. are dismissed.
2. The Claimants Dexter and Sandra Coffield are liable and shall pay \$1,055.93 in damages to Respondent Charles Schwab & Co., Inc.
3. The Respondents' request for interest is denied.

The parties shall bear their respective costs.

The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimants shall be retained by the NASD. The \$575.00 filing fee previously deposited by the Respondents shall also be retained by the NASD.

AFFIRMATION

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

Stuart H. Dunn  
Signature of Arbitrator

Date of Decision: January 3, 1992

DATED BY THE NASD, INC.: February 25, 1992