

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

National Association of
Securities Dealers, Inc.
NASD Financial Center
33 Whitehall Street
New York, N.Y. 10004
FAX (212) 858-4389

In the Matter of the Arbitration BetweenName of Claimant

Raymond E. Dropik

91-03266

Name of Respondents

Charles Schwab & Company, Inc.

REPRESENTATION

For Claimant: Louis Rabil, Esq.

For Respondent: Dean G. Carlson, Esq. of the law firm of Charles Schwab & Company, Inc.

CASE INFORMATION

Statement of Claim filed: October 17, 1991.

Claimant's Submission Agreement signed on: October 8, 1991.

Statement of Answer filed by Respondent Charles Schwab on: December 2, 1991.

Respondent Charles Schwab's Submission Agreement signed on: November 7, 1991.

HEARING INFORMATION

Hearing Date/Session: April 10, 1992, 1 Session.

Hearing Location: NASD offices located in Washington, D.C.

CASE SUMMARY

Claimant alleged that on February 8, 1991, Claimant instructed Respondent to purchase for his account 20 Standard and Poor's 100 index April 325 Puts at 6 3/4 for a total of \$13,500.00. The order was entered at 3:34. Later that day Claimant further alleged Respondent twice told Claimant, erroneously and negligently, that the order was not filled. However, the order was carried out by Respondent. Claimant was not informed by Respondent until the end of the next business day. During that day the value of the security greatly deteriorated to less than \$11,500.00. The next day Claimant called Mr. Craig Jones, trading supervisor in the Indianapolis office of Respondent and

reached an agreement that the transaction would be cancelled. This agreement was breached and withdrawn by the Washington office branch manager the same day. Respondent admitted liability for this matter in various letters. However, Respondent has only made a limited payment of damages. By reason of negligence and carelessness of Respondent, and its agents and brokers and by reason of its failure to properly supervise them, Claimant alleged he has suffered losses and damages in the reduction in value of the options.

Respondents alleged that because of its delay in reporting the trade to Claimant, Respondent retroactively posted a sale to Claimant's account. This put Claimant in the best position he could have been had Respondent correctly reported the trade executed. Respondent further alleged that the loss on the trade was the result of market forces not the incorrect report.

RELIEF REQUESTED

Claimant requested he be awarded the sum of \$2,000.00, plus interest costs and attorneys' fees.

Respondents requested dismissal of Claimant's claim.

AWARD

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

1. The positions of the respective parties being equally meritorious, all claims by the Claimant be and hereby are dismissed in all respects;
2. Each party shall bear their respective costs, including attorneys' fees.

FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following forum fees are assessed.

The NASD shall retain the \$25.00 hearing session deposit and \$25.00 claim filing fee previously paid by the Claimant.


Edgar T. Bellinger, Esq.
Public Arbitrator

Date of Decision: May 11, 1992