

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

In the Matter of the Arbitration Between

Name of Claimant

Anand Prakash

#91-03326

Name of Respondent

Charles Schwab & Co., Inc.

REPRESENTATION

For Claimant: The Claimant appeared pro se.

For Respondent: James T. McDermott, Esq. of the law firm of
Covington & Burling

CASE INFORMATION

Statement of Claim filed on: October 12, 1991.

Claimant's Submission Agreement signed on: October 11, 1991.

Statement of Answer filed by Respondent Charles Schwab & Co.,
Inc. on: December 20, 1991.

Respondent Charles Schwab & Co., Inc.'s Submission Agreement
signed on: December 11, 1991.

HEARING INFORMATION

Hearing Date/Session April 28, 1992 2/sessions

Hearing Location: Baltimore, Maryland

CASE SUMMARY

Claimant alleged that Respondent refused to accept Claimant's order to buy 5/OEX October \$300 puts and informed him that another specific transaction must be executed before his order could be accepted and Claimant had not previously been aware of such a requirement and this caused Claimant to lose profits.

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Claimant further alleged he did place an order to buy and cover his short positions of 4/OEX October \$300 puts as instructed by Respondent and Respondent failed to properly execute this trade in accordance with his instructions which exposed Claimant to risks of an uncovered short position.

Respondent maintained because customers cannot simultaneously hold a long and short position in the same option series, Claimant could not place the trade of 5/OEX put options and was told, however, that if he closed the short position, he would be free to place his buy order and Claimant chose not to do so; thus, any lost profit was the result of Claimant's independent decision.

Respondent further maintained Claimant entered his order to buy 4 OEX put options at a limit price of 3-3/4 and when the order was represented on the floor of the CBOE, the option was trading away from his limit price; therefore, the order was not due an execution. Respondent further maintained Claimant was informed that the order had not executed, but made no further attempt to close the position; therefore, Respondent bears no responsibility for the fact that the position was not closed.

RELIEF REQUESTED

Claimant requested damages of \$12,935.00 and \$8,924.00 respectively for each of his claims plus punitive damages in at least an amount equal to his claims together with interest and costs.

Respondent requested that Claimant's claims be denied in their entirety plus costs and attorneys' fees.

AWARD

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

1. All claims by the Claimant against the Respondent be and hereby are denied in all respects.
2. The Claimant's request for punitive damages is denied.
3. Each party shall bear their respective costs including attorneys' fees.

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FORUM FEES

Pursuant to Section 43c of the Code of Arbitration Procedure, the following Forum Fees are assessed.

2 sessions X \$400 = \$800 minus hearing session deposit of \$400.00
= net \$400.00 due.

The Respondent be and hereby is liable and shall pay to the National Association of Securities Dealers, Inc. the sum of \$400.00 to represent forum fees.

Fees are payable to the National Association of Securities Dealers, Inc.

ARBITRATOR SIGNATURES



Edgar T. Bellinger, Esq.
Public Arbitrator



Louis W. Hargrave
Public Arbitrator



Michael P. Gwinn
Industry Arbitrator

Date of Decision: July 28, 1992