

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

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In the Matter of the Arbitration Between :

Dmitry Vernik :

Claimant :

vs. :

Bear Stearns & Co., Inc. :

Respondent :  
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**PUBLIC**

**CASE #91-03585  
AWARD**

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on November 13, 1991, Claimant, Dmitry Vernik, who appeared Pro Se, alleged that Respondent, Bear Stearns & Co., Inc., through it's broker, Jack Belikoff, used high pressure tactics to try to persuade him into purchasing more stock, and that although he never approved or authorized additional purchases, he later discovered that 200 shares of Chrysler stock were bought on margin in his account. The Claimant contends that when the stock dropped, he received notification of a margin call in his account.

Respondent, Bear Stearns & Co., Inc., through it's in-house counsel, William C. Mallery, Esq., maintained that the Claimant did authorize the purchase of 200 shares of Chrysler stock, and that the mechanics of a margin account were explained to the Claimant. Respondent, Bear Stearns & Co., Inc. further maintained that the Claimant did not complain about the transaction when he received a confirmation of the transaction. The Respondent further maintained that the Claimant remained silent with regard to the additional purchase for 10 months although he received the confirmation and regular monthly statements which reflected he owned those shares and that they were losing value.

Claimant, Dmitry Vernik filed a reply to Bear Stearns & Co., Inc.'s answer in which he reiterates his claims and states he never received the confirmation and that no one ever explained the statements to him.

Respondent, Bear Stearns & Co., Inc. submitted an affidavit from Jack Belikoff in which he says the confirmation was sent to the Claimant at the correct address, and that monthly statements were sent. Mr. Belikoff states that he explained the purchase of

the additional 200 shares to the Claimant, and that this purchase was approved.

Claimant, Dmitry Vernik filed a response to Jack Belikoff's affidavit in which he contends he did not understand what a margin account entailed, and that he contacted Bear Stearns & Co., Inc. as soon as he sensed a problem in the account, but did not receive satisfaction.

RELIEF REQUESTED

Claimant, Dmitry Vernik requested \$2,554.00 in actual damages.

Respondent, Bear Stearns & Co., Inc. requested the claims of the Claimant be dismissed.

AWARD

Pursuant to Section 13 of the National Association of Securities Dealers, Inc. Code of Arbitration Procedure, a single Public Arbitrator, Thomas M. Adams, Esq., was selected to review and determine the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on November 6, 1991 and by the Respondent on February 3, 1992.

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. Respondent, Bear Stearns & Co., Inc. is liable and shall pay to Claimant, Dmitry Vernik \$800.00 in actual damages, plus simple interest at the rate of 7% from April 1, 1990 to the date of payment of the award.
2. The parties shall bear their respective costs.
3. The \$125.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant shall be retained by the NASD, Inc.

AFFIRMATION

I, THOMAS M. ADAMS, ESQ., 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.



Signature of Arbitrator

DATE OF DECISION: June 16, 1992