

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Asif M. Shakur

92-01940

Name of Respondents

Bear Stearns & Company  
Mayfair Securities  
Marcos Figueirado  
Jack Maddock

REPRESENTATION

Claimant Asif M. Shakur ("Claimant") represented himself.

For Respondent Bear Stearns & Company ("Bear Stearns"): Daniel S. Taub, Associate Director of Bear Stearns & Co., Inc.

Respondents Mayfair Securities ("Mayfair"), Marcos Figueirado ("Figueirado") and Jack Maddock ("Maddock") were unrepresented.

CASE INFORMATION

Statement of Claim filed: June 10, 1992

Claimant's Submission Agreement signed on: May 11, 1992

Statement of Answer filed by Bear Stearn's on: July 29, 1992

Bear Stearn's Submission Agreement signed on: July 27, 1992

Respondents Mayfair, Figueirado and Maddock neither filed an answer nor signed a submission agreement.

HEARING INFORMATION

Hearing Date/Session: February 19, 1993

Hearing Location: NASD Executive Offices, Washington, D.C.

CASE SUMMARY

Claimant alleged, among other things, that Respondent Maddock induced Claimant to purchase speculative securities named Drivefone, Inc. and Silicon Disk Corp. by promising Claimant that he would double his investment in a year. Claimant alleged that Maddock intentionally misrepresented the value of the securities in Claimant's account. Claimant alleged that when he received margin calls in his account, Maddock assured Claimant that there must have been an error and that Claimant did not owe any money. Claimant alleged that

Maddock, on or about April 8, 1992, told Claimant that Silicon Disk was trading at \$7 a share. Claimant alleged that he ordered Maddock to sell all his shares of Silicon Disk at \$7 a share. Claimant alleged that Maddock told Claimant he was only able to sell 4000 shares at 6 /12 and that he would drive the market down by selling any more shares. Claimant alleged that he later learned that Maddock had misrepresented the truth the entire time and that the margin calls sent by Bear Stearns were valid, that Silicon Disk had not been trading at \$7 and that Maddock never executed the sell orders for Claimant. Claimant alleged that Respondents Maddock, Figueirado and Mayfair breached their duty of fair dealing and trust that they owed to Claimant. Claimant alleged that Mayfair and Figueirado failed to supervise Maddock or Claimant's account.

In a letter dated February 16, 1993, Claimant alleged that Bear Stearns had failed to calculate the margin calls correctly and that Bear Stearns had been negligent in the handling of Claimant's accounts.

Bear Stearns maintained that it properly handled Claimant's account at all times. Bear Stearns maintained that it acted as an agent for Mayfair and is not responsible for and had nothing to do with any loss suffered by Claimant as a result of Bear Stearns liquidation of 7,500 shares of Silicon Disk at 2 7/8 to satisfy a margin call. Bear Stearns maintained that pursuant to its Clearing Agreement with the introducing broker, Mayfair, that Mayfair was responsible for i) the integrity and authority of trades in an account, ii) the supervision of its brokers, iii) the suitability of trades in its customers accounts and iv) the execution of trades. Bear Stearns maintained that it has no responsibility for the propriety of these trades for the Claimant's account nor is it liable for any loss, if any, suffered in Claimant's account. Bear Stearns submitted a motion to be dismissed as a party from this action by asserting that there were no facts or evidence supporting a finding against Bear Stearns.

The other Respondents did not answer Claimant's allegations.

#### **RELIEF REQUESTED**

Claimant requested compensatory damages in the amount of \$42,000.

Bear Stearns requested that its Motion to Dismiss be granted prior to the hearing.

#### **OTHER ISSUES CONSIDERED & DECIDED**

The parties have agreed that the Award in this matter may be executed in counterpart copies or that a handwritten, signed Award may be entered. In either case, the parties have agreed to receive conformed copies of the Award while the originals remain on file with NASD.

On February 17, 1993, the Panel ruled in Bear Stearns favor and it was dismissed as a party in this action.

The Panel determined that although Respondents Mayfair, Figueirado and Maddock did not attend the hearing, did not submit answers and did not sign submission agreements, that pursuant

to the bylaws of the NASD, they are bound by the rulings and determinations of the Panel.

The Panel found that Respondent Maddock received notice of Claimant's claim against him and that Maddock received and signed for two certified mail letters from the NASD (copies of certified mail letters and receipts are attached). At the hearing, Claimant testified that he discussed his claim with Respondent Figueirado prior to the hearing.

#### 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. Respondents Mayfair, Maddock and Figueirado are jointly and severally liable to Claimant and shall pay to the Claimant the sum of Forty One Thousand and 00/100 Dollars (\$41,000); inclusive of interest.
2. That the parties shall bear their respective costs.

#### FORUM FEES

Pursuant to Section 43(c) of the Code of Arbitration Procedure, the NASD shall retain Claimant's hearing session deposit to cover the costs of the single session hearing conducted in this matter.

#### Concurring Arbitrators' Signatures

Name

Public/Industry

/s/  
William H. Malloy, Esq.

Public

/s/  
Gerald P. LeNoir

Public

/s/  
Bonnie K. Wachtel, Esq.

Industry

NASD DATE OF DECISION: April 26, 1993

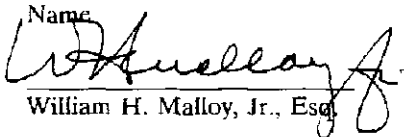
1. Respondents Mayfair, Maddock and Figueirado are jointly and severally liable to Claimant and shall pay to the Claimant the sum of FORTY ONE THOUSAND AND 00/100 DOLLARS (\$41,000); inclusive of interest.
2. That the parties shall bear their respective costs.

**FORUM FEES**

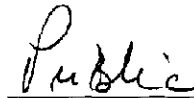
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Concurring Arbitrator's Signature

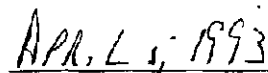
Name

  
William H. Malloy, Jr., Esq.

Public/Industry



Date of Decision:



NASD DATE OF DECISION: April 26, 1993

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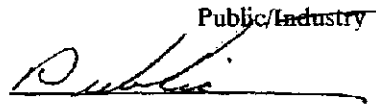
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Gerald P. LeNoir

  
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Name

Bonnie K. Wachtel

Bonnie K. Wachtel, Esq.

Public/Industry

Industry

Date of Decision:

3/30/93

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