

## NASD AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS, INC.

Amar K. Savla  
Chandrika A. Savla

### Claimants

**Painewebber, Inc.**  
**Allan Douglas**

## Respondents

**Case Number 93-00993**

## REPRESENTATION

Claimants, Amar K. Savla and Chandrika A. Savla ("the Savlas") were pro se.

For Respondents, Painewebber, Inc. ("PW") and Allan Douglas ("Douglas"): Malcolm V. McKay, Esq. of Carlton, Fields, Ward, Emmanuel, Smith & Cutler, P.A.

## CASE INFORMATION

Statement of Claim filed: March 15, 1993 and amended on June 23, 1993. Claimants' Submission Agreement signed: March 13, 1993.

Respondents' Statement of Answer filed: May 27, 1993. Respondents' Submission Agreements signed May 24, 1993 by Jack Wolff on behalf of PW, and by Douglas on January 14, 1994.

## HEARING INFORMATION

On January 14, 1994, in Tampa, Florida, a hearing lasting two (2) sessions was conducted.

## CASE SUMMARY

Claimants alleged that Respondents were liable for: fraudulently inducing Claimants into purchasing 1000 shares of Rexion Inc. stock through false pretense and misrepresentation. Claimants alleged that Douglas misrepresented that: the price of the stock would rise in a matter of weeks; Douglas knew an insider at Rexion; the earnings report would be much higher than than what the "street" was expecting; and, Douglas misquoted the bid price of the stock as well as the yearly high and low of the stock.

Respondents denied all allegations of wrongdoing and alleged that: Claimants are sophisticated and experienced investors who were aware of the risks involved; there were no misrepresentations; and the request for punitive damages is violative of Section 768.72 of the

Florida Statutes. Respondents asserted the affirmative defense that Claimants' loss, if any, resulted from their own actions in selecting the stock for purchase and in failing to cover their margin call.

#### **RELIEF REQUESTED**

Claimants, in their Statement of Claim, initially requested actual damages in the amount of \$5,320.25 plus punitive damages of \$24,679.75 which they later amended to request actual damages of \$16,320.25 plus punitive damages of \$13,679.75.

Respondents requested dismissal of the claim.

#### **OTHER ISSUES CONSIDERED AND DECIDED**

None

#### **AWARD**

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

1. Respondents, PW and Douglas are found liable, jointly and severally, and shall pay to Claimants the amount of \$3,000.
2. Claimants' request for punitive damages is denied.

#### **OTHER COSTS**

The parties shall each bear all other costs and expenses incurred by them in connection with this proceeding including attorney's fees.

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Award

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#### FORUM FEES

1. Pursuant to Section 43(c) of the Code of Arbitration Procedure, the panel has assessed forum fees in the amount of \$800 (2 sessions x \$400 per session).
2. Respondents, PW and Douglas are hereby assessed \$800, jointly and severally, of which \$400 shall be paid directly to the Claimants as a refund of the hearing session deposit previously deposited by the Claimants, and \$400 of which shall be paid to the National Association of Securities Dealers, Inc. The NASD shall retain the \$400 hearing session deposit paid by Claimants in partial satisfaction of such forum fees.
3. The NASD shall retain the non-refundable filing fee of \$100 paid by the Claimants.
4. Respondents shall reimburse the Claimants, jointly and severally, \$100 for the non-refundable filing fee.

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

Concurring Arbitrator(s) Signature(s)

/s/  
H. Victor Schwimmer, Esq.

Public

/s/  
John R. Angermayer

Public

/s/  
Terrence Grant

Industry

Date of Decision: 2/1/94