

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

In the Matter of the Arbitration Between

Name of Claimant

Mohammed Mohin Rahman

94-01545

Name of Respondent

Charles Schwab & Company, Inc.

CASE SUMMARY

In a claim filed with the National Association of Securities Dealers, Inc. on April 25, 1994, Claimant Mohammed Rahman, appearing Pro Se, alleged that Respondent Charles Schwab & Co. Inc., failed in their duty to open an account in Claimant's name for the purpose of buying British Pounds Futures Contracts. Claimant further alleged that Respondent wrongfully deposited his check (made out to Schwab) into Richard Maseri's account. Claimant also alleged that neither Richard Maseri nor Schwab explained to him what happened to the rest of his investment amounting to \$6173.00, and that he found out from an investigator of the CFTC, by its agent Charles A. Ricci that no trade ever took place for British Pounds under Claimant's name, as pursuant to his agreement with Mr. Maseri. The Claimant contended that he has suffered damages due to Respondent's failure to act within its duties, and due to its wrongdoing, Claimant should be compensated accordingly.

Respondent, Charles Schwab & Co., Inc., through its in-house counsel, Scott A. Hunt, Esq, maintained that Claimant has presented no factual or legal basis to hold Schwab liable for his losses. Respondent further maintained that Claimant should have known that he was not investing through Schwab. Respondent also maintained that Claimant's investment was procured through an advertisement that made no mention of Schwab nor was placed by, condoned by, or known to Schwab. Respondent contended that Claimant went to an office which had on the front door a sign, reading "Private Research, Inc.", which had no association with Schwab whatsoever. Respondent further maintained that if Claimant had contacted one of Schwab's offices prior to making his investment with Mr. Maseri, he would have learned that Mr. Maseri was not an agent, nor an employee of Schwab. Respondent contended that it had no duty to inquire as to why Claimant drafted a check for deposit into Mr. Maseri's account, and that any damages incurred by Claimant was a result of Mr. Maseri's action, therefore liability rests

with Mr. Maseri, and further that the cause of action is not justly asserted against Schwab and therefore, the claim should be dismissed.

In reply to Respondent's answer, Claimant reiterated his prior claims and refuted the defenses of Respondent and requested the arbitrator find in his favor.

In its reply, Respondent reiterated its defenses and maintained that based on the facts liability lies with Mr. Maseri and not Schwab. Respondent maintained that it was not involved in the misrepresentation and wrongdoing, and therefore, the claim against it should be dismissed.

Claimant, in his response to Respondent's reply, rejected Respondent's defenses and requested that judgment be found in his favor in the amount of \$6,172.64.

RELIEF REQUESTED

Claimant Mohammed Rahman requested \$6,173.00 in actual damages and \$3,500.00 in punitive damages.

Respondent Charles Schwab & Co., Inc. requested that the claims asserted by Claimant be dismissed.

AWARD

Pursuant to Section 13 of the NASD, Inc. Code of Arbitration Procedure, a single Public Arbitrator, George R. Canty, Jr., was selected to review the matter in controversy between the parties set forth in submissions to Arbitration signed by the Claimant on April 29, 1994.

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. The claims of the Claimant Mohammed Rahman against Respondent Charles Schwab & Company, Inc. are dismissed in their entirety.
2. The Claimant's request for punitive damages is denied.
3. The parties shall bear their respective costs.

4. The \$150.00 filing fee previously deposited with the National Association of Securities Dealers, Inc. by the Claimant Mohammed Rahman, shall be retained by the NASD.

AFFIRMATION

I, George R. Canty, Jr., 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: April 18, 1995