

N.A.S.D. AWARD

NATIONAL ASSOCIATION OF SECURITIES DEALERS

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In the Matter of the Arbitration Between

Name of Claimant(s)

Jaya and Vasanta Yalamanchilli

95-00388

Name of Respondent(s)

Berkley Securities Corp.  
Darnell Deans

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**REPRESENTATION**

For Claimants, Dr. Jaya and Vasanta Yalamanchili ("Claimants"), Ralph A. Gant, Esq. located in New York, N.Y.

For Respondents, Berkeley Securities Corp. ("Berkeley") and Darnell Deans ("Deans"), collectively ("Respondents"), Ezio Scaldaferrì, Esq. of the firm Feder, Kasovitz, Issacson, Weber, Skala & Bass LLP located in New York, N.Y.

**CASE INFORMATION**

Statement of Claim filed: January 24, 1995

Claimants Submission Agreement signed on: January 13, 1995

Joint Statement of Answer filed by Respondents: March 24, 1995

Respondent Berkeley's Submission Agreement signed on: March 24, 1995

Respondent Dean's Submission Agreement signed on: March 24, 1995

**HEARING INFORMATION**

Hearing Dates/Sessions:

March 14, 1996 - 2 sessions

April 1, 1996 - 2 sessions

Hearing Location: The hearings were held at the offices of the National Association of Securities Dealers located in New York, N.Y.

### **CASE SUMMARY**

Claimants alleged that Respondent Deans, a representative of Respondent Berkeley, engaged in unauthorized and unsuitable trading in their account. Claimants further alleged that they informed Respondents that their entire savings consisted of \$20,000.00 in the bank and that this money was needed for support. Claimants contended that on or about January 17, 1994 they opened a joint account at Berkeley and purchased 1,000 shares of Classics International ("Classics") at \$5.00 per share. Claimants further contended that Deans misrepresented the Classics stock and failed to inform them of material information regarding the stock. Claimants alleged that several weeks later, pursuant to Deans' recommendation, they purchased 500 shares of Florida West Airlines, Inc. ("Florida West") at \$15.50 per share. Claimants further alleged that Deans misrepresented the safety of Florida West and on March 16, 1994, Claimants purchased an additional 500 shares at \$13.25. Claimants contended that when the price of Florida West declined to \$10.00 per share, Deans convinced them to average down by purchasing an additional 4,000 shares. Claimants further contended that Florida West subsequently went bankrupt and the stock is now virtually worthless.

Respondents maintained that the Claimants represented that they had a net worth in excess of \$500,000.00 and a current annual income of \$50,000.00. Respondents further maintained that Deans spoke to the Claimants about Classics at length. Respondents contended that Deans informed the Claimants about Florida West by citing publicly disseminated information and it was the Claimants decision to average down their cost basis by purchasing additional shares of Florida West. Respondents further contended that Deans never misrepresented the risks of the stock he was recommending and made all of his recommendations in good faith, based on publicly disseminated information, in conformity with Claimants stated investment objectives.

### **RELIEF REQUESTED**

Claimants requested \$55,000.00 in actual damages, reasonable attorney's fees, interest, costs and disbursements.

Respondents requested that the claims of the Claimants be denied in their entirety.

### **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 the NASD.

### **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 against Respondents be and hereby are denied in their entirety.

2) Each party shall bear their own costs, including attorney's fees.

3) All other claims be and hereby are denied.

### **FORUM FEES**

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


nonrefundable filing fee:	\$150.00
4 hearing sessions x \$500.00:	\$2,000.00
total forum fees assessed:	\$2,150.00

1) Claimants be and hereby are liable for \$1,150.00 in forum fees. Claimants previously deposited \$650.00 with the NASD and shall pay to the NASD \$500.00.

2) Respondents be and hereby are liable for \$1,000.00 in forum fees.

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

Arbitrator's Signature  
Name

  
James J. Noone

I, James J. Noone, do hereby affirm that this is my decision in the above-captioned matter.



NASD Date of Decision: April 26, 1996

Case # 95-00388

Respondents: Beverly Perreault  
Darnice Deane

Claimants  
Dr. Jay and Vesanta  
Yalmanchik

Arbitrator's Signature  
Name


Vera L. Wolf  
Vera L. Wolf

I, Vera L. Wolf, do hereby affirm that this is my decision in the above-captioned matter.

Vera Wolf

NASD Date of Decision: April 26, 1996

Arbitrator's Signature  
Name

  
Joseph B. Russell, Esq.

I, Joseph B. Russell, Esq., do hereby affirm that this is my decision in the above-captioned matter.

  
Joseph B. Russell, Esq.

NASD Date of Decision: April 26, 1996